

640. By Mr. BACON: Petition of 3,258 citizens, nearly all residing in New York, protesting against any change in immigration laws to permit admission of aliens, outside of quota, belonging to political refugee classes; to the Committee on Immigration and Naturalization.

641. By Mr. CARTER of California: Assembly Joint Resolution No. 9, State of California, memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

642. By Mr. JOHNSON of Minnesota: Resolution from the commander on behalf of the Veterans of Foreign Wars, stating opposition to naval appropriations with provisos; to the Committee on Naval Affairs.

643. Also, resolution protesting the removal of the Hydrographic Office, Navy Department, from Duluth, Minn., by the Chamber of Commerce of Duluth; to the Committee on Naval Affairs.

644. Also, resolution from the Railway Mail Post, No. 23, American Legion, at St. Paul, Minn., asking that postmasters in first-, second-, and third-class offices be placed under civil service; to the Committee on the Post Office and Post Roads.

645. By Mr. JOHNSON of Texas: Resolution unanimously adopted by the Legislature of the State of Texas, urging removal of the Federal tax on gasoline; to the Committee on Ways and Means.

646. By Mr. JOHNSON of Minnesota: Petition protesting against House bill 3769, now in committee; to the Committee on Interstate and Foreign Commerce.

647. By Mr. KENNEY: Petition of unemployed associations of Bergen County, N.J.; to the Committee on Labor.

648. By Mr. LINDSAY: Petition of Creed A. Neeper, New York City, urging support and passage of the home mortgage bill, S. 1317; to the Committee on Banking and Currency.

649. Also, petition of National Fertilizer Association, Inc., Washington, D.C., concerning House bill 5081; to the Committee on Military Affairs.

650. Also, petition of National Association of Postal Supervisors, Branch 100, New York City, opposing retirement of Federal employees after 30 years' service; to the Committee on the Civil Service.

651. By Mr. RUDD: Petition of Creed A. Neeper, New York City, favoring the passage of Senate bill 1317, the home mortgage bill; to the Committee on Banking and Currency.

652. By Mr. WELCH: Petition of California State Legislature, Assembly Joint Resolution No. 24, relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real property mortgages and on sales under deeds of trust on real property; to the Committee on Banking and Currency.

653. Also, petition of California State Legislature, Assembly Joint Resolution No. 9, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

SENATE

MONDAY, APRIL 24, 1933

(Legislative day of Monday, Apr. 17, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. KENDRICK. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Capper	Dickinson
Ashurst	Borah	Caraway	Dieterich
Austin	Bratton	Connally	Dill
Bachman	Brown	Coolidge	Duffy
Bailey	Bulkeley	Copeland	Erickson
Bankhead	Bulow	Costigan	Fletcher
Barbour	Byrd	Couzens	Frazier
Black	Byrnes	Cutting	George

Glass	Logan	Patterson	Thomas, Okla.
Goldsborough	Loneragan	Pittman	Thomas, Utah
Gore	Long	Pope	Townsend
Hale	McAdoo	Reed	Trammell
Harrison	McCarran	Reynolds	Tydings
Hastings	McGill	Robinson, Ind.	Vandenberg
Hatfield	McKellar	Russell	Van Nuys
Hayden	McNary	Schall	Wagner
Johnson	Murphy	Sheppard	Walcott
Kean	Norbeck	Shipstead	Wheeler
Kendrick	Norris	Smith	White
Keyes	Nye	Stelwer	
King	Overton	Stephens	

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK], the Senator from West Virginia [Mr. NEELY], the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Illinois [Mr. LEWIS] are necessarily detained from the Senate.

Mr. COOLIDGE. I wish to announce that my colleague the senior Senator from Massachusetts [Mr. WALSH] is absent on official business as a member of the Board of Visitors to the United States Naval Academy. I ask that this announcement may stand for the day.

Mr. CUTTING. I wish to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] will be absent from the Senate today on account of illness in his family. I desire this announcement to stand for the day.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

FUNCTIONS OF THE TREASURY DEPARTMENT (S.DOC. NO. 42)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions of the Treasury Department, including accounting, disbursing, collecting, purchasing, and personnel administration, together with the authority for the performance of the several functions, and, insofar as practicable, the annual costs thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed.

FUNCTIONS OF THE RECONSTRUCTION FINANCE CORPORATION (S.DOC. NO. 41)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Reconstruction Finance Corporation, submitting, in response to Senate Resolution 351, Seventy-second Congress, a report of the various functions of the Reconstruction Finance Corporation, including accounting, disbursing, collecting, purchasing, and personnel, together with the authority for the performance of each function and the annual cost thereof, which, with the accompanying statements, was ordered to lie on the table and to be printed with illustrations.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Appropriations:

Senate Joint Memorial 6 (by Senators Herrin, Knous, Sanders, Peiffer, Ehrhart, Smith, Hill, Rumbaugh, Houston, Nelson, Manly, Unfug)

A memorial memorializing the Congress of the United States to include adequate appropriations for the continued efficient maintenance of supervision of oil, gas, coal, and nonmetallic minerals operations by the Mineral Leasing Division of the United States Geological Survey

Whereas the Congress of the United States on February 25, 1920 (41 Stat. 437), on June 4, 1920 (41 Stat. 812), and March 4, 1923 (42 Stat. 1448), and under special agreement by the United States passed certain laws regulating production of oil, gas, coal, and nonmetallic minerals on the public domain; and

Whereas one of the provisions of the act of February 25, 1920, provides that 10 percent of all moneys collected as royalties, bonuses, and rentals shall be paid into the Treasury of the United States and credited as miscellaneous receipts, and that 37½ percent shall be paid by the Secretary of the Treasury after the expiration of the fiscal year to the State within the boundaries of which the leased lands or deposits are or were located, and that 52½ percent shall be paid into, reserved, and appropriated as a part of a reclamation fund created by act of Congress approved June 17, 1902; and

Whereas the State of Colorado and other Western States own a large number of tracts of land within and adjacent to the lands

of the United States, and which said lands are in grave danger of being damaged by reason of the improper drilling, mining, and producing operations, and lack of efficient supervision in the event the said Mineral Leasing Division of the United States Geological Survey is rendered less efficient by reason of the appropriation of insufficient funds by the Congress of the United States for continuing efficient and proper field supervision of said operations, and thereby both the National and State Governments will suffer by reason of lack of careful drilling and mining operations and production by irresponsible and careless operators; and

Whereas the said Mineral Leasing Division is one of the few agencies of our Government which is self-supporting and which uses only approximately 5 percent of the money collected by the Government in its supervisory operations: Now, therefore, be it

Resolved by the Twenty-ninth General Assembly of the State of Colorado, That the general assembly hereby urge and request that the Congress of the United States of America make the appropriations for the Mineral Leasing Division of the Geological Survey sufficient to enable the said division to function efficiently for the protection of the oil, gas, coal, and nonmetallic mineral resources of the Western States of the United States, which States are vitally interested both directly and indirectly in the conservation of our oil, gas, coal, and nonmetallic mineral resources; be it further

Resolved, That copies of this memorial be sent to the President of the United States, the Honorable Franklin D. Roosevelt, the Vice President of the United States, the Secretary of the Interior of the United States, the Speaker of the House of Representatives of the United States, the Director of the Bureau of the Budget of the United States, to the United States Senators and Representatives of the State of Colorado, and to the Governors of the several Western States.

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation providing that all patent rights for arms, munitions, and other equipment to be used for war purposes should be acquired by the Government and that the subject be presented at future international disarmament conferences, which was referred to the Committee on Patents.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 22d instant, p. 2136, CONGRESSIONAL RECORD.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, memorializing Congress to enact legislation providing a moratorium on foreclosures of real-property mortgages and on sales under deeds of trust on real property, which was ordered to lie on the table.

(See joint resolution printed in full when presented by Mr. JOHNSON on the 22d instant, p. 2136, CONGRESSIONAL RECORD.)

He also laid before the Senate the petition of Local Union, No. 293, Sheet Metal Workers International Association, of Pasadena, Calif., praying for the greatest possible consideration of the question of discontinuing vocational education in the public schools before any action is taken thereon, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Twenty-eighth Ward Taxpayers' Protective Association, of Brooklyn, N.Y., favoring the restoration of the former rate of 2 cents per ounce on first-class mail matter, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by Harry Boland Council, American Association for the Recognition of the Irish Republic, of New Rochelle, N.Y., favoring insistence by the Government on full, regular, and prompt payment of European indebtedness to the United States, which was referred to the Committee on Finance.

He also laid before the Senate two petitions and a letter in the nature of a petition signed by 133 citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate 7 memorials, 5 telegrams, and 12 letters in the nature of memorials from 470 citizens and organizations in the State of Louisiana, and letters from one citizen each of Minnesota, Pennsylvania, and Texas, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his

alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution of the Board of Supervisors of the City and County of San Francisco, Calif., favoring the setting aside of April 30 as Presidential Day as an expression of confidence in, and approval of the actions of, the President of the United States, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Supervisors of the County of Los Angeles, Calif., approving in substance the provisions and purpose of the so-called "Black bill", providing for the establishment of a 5-day, 30-hour work week, which was ordered to lie on the table.

He also laid before the Senate a letter in the nature of a memorial from Anna Jarvis, of Mother's Day, Inc., of Philadelphia, Pa., remonstrating against the adoption of the resolution (S.Res. 16, submitted by Mr. COPELAND on March 10, 1933), favoring an expression on Mother's Day of our love and reverence for motherhood, which was ordered to lie on the table.

He also laid before the Senate resolutions adopted by the board of directors of the Knoxville (Tenn.) Chamber of Commerce, deploring the attitude of the United States Chamber of Commerce in its expressions with respect to the Muscle Shoals project and the construction of the Cove Creek Dam, up to and including the year 1931, and the recent statements of Mr. Harriman, president of the United States Chamber of Commerce, in opposition to the development of natural resources, etc., and commending President Roosevelt for his intensive interest in the development of the Tennessee Valley, which were ordered to lie on the table.

EXECUTIVE REPORT OF THE FOREIGN RELATIONS COMMITTEE

As in executive session,

Mr. PITTMAN, from the Committee on Foreign Relations, reported favorably the nomination of James B. Young, of Pennsylvania, now a Foreign Service officer of class 3 and a consul, to be a consul general of the United States of America, which was ordered to be placed on the Executive Calendar.

NOMINATIONS OF BRECKENRIDGE LONG AND SUMNER WELLES

Mr. PITTMAN. Mr. President, I should like to have the attention of the Senator from Oregon to the matter I am about to bring before the Senate. I want to ask unanimous consent, as in executive session, to present two reports from the Committee on Foreign Relations, the first recommending that the Senate advise and consent to the nomination of Breckenridge Long, of Missouri, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Italy, and the second recommending the confirmation of the nomination of Sumner Welles, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Cuba.

I will state that there is a desire that these nominations should be immediately confirmed, and I ask that they may be confirmed at this time.

Mr. McNARY. Mr. President, the Committee on Foreign Relations has given due consideration to these nominations?

Mr. PITTMAN. It has, the report is unanimous, and no protests whatsoever have been filed.

Mr. McNARY. Very well.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and, without objection, the nominations are confirmed.

Mr. PITTMAN. I ask that the President be notified.

The VICE PRESIDENT. Without objection, the President will be notified of the confirmation of the nominations.

PRINTING OF MANUSCRIPT "CONTRACTS PAYABLE IN GOLD"

Mr. HAYDEN. From the Committee on Printing I report back favorably Senate Resolution 62, submitted by the Senator from Minnesota [Mr. SHIPSTEAD], authorizing the printing as a Senate document of the manuscript entitled "Contracts Payable in Gold", and I ask unanimous consent for its present consideration.

There being no objection, the resolution (S.Res. 62) submitted by Mr. SHIPSTEAD on the 21st instant was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the manuscript entitled "Contracts Payable in Gold", by George Cyrus Thorpe, showing the legal effect of agreements to pay in gold, be printed as a Senate document.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. McNARY:

A bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land; to the Committee on Indian Affairs.

By Mr. HARRISON:

A bill (S. 1514) authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss.; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 1515) granting permits for the importation or manufacture for nonbeverage purposes of spirituous liquors of particular kind or quality where the supply in the United States is insufficient to meet the current need therefor; to the Committee on Finance.

A bill (S. 1516) for the relief of Michael Bello; to the Committee on Claims.

A bill (S. 1517) for the relief of Louis Kusnitz; to the Committee on Military Affairs.

By Mr. BRATTON:

A bill (S. 1518) providing for waiver of prosecution by indictment in certain criminal proceedings; to the Committee on the Judiciary.

By Mr. BULKLEY:

A bill (S. 1519) for the relief of Theodore Torok; to the Committee on Claims.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the emergency relief and construction act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

CONTROLLED INFLATION

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD an address on the subject of the so-called "Thomas amendment" and controlled inflation, delivered by the senior Senator from Nevada [Mr. PITTMAN] over the radio on April 22, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience of the United States, the most important subject now before the Congress of the United States—and I may go farther and say the most important question that has faced our country since the World War—is the question of currency inflation now pending.

Before going into a discussion of this subject, please permit me to express my gratitude to the Columbia Broadcasting network and those acting with it for this opportunity of attempting to explain to you the great problem of controlled inflation.

I am deeply appreciative also of the very generous introduction of my distinguished friend and popular broadcaster, Mr. Frederic William Wile.

Now to the subject of controlled inflation: In order that you may understand, first, the necessity for the inflation of our currency, I will give you a brief history of the condition of our circulating media, the rise in the value of the purchasing power of our dollar, and the relative fall in the price of commodities.

And let us remember that while the dollar purchases the products of the farm, labor, and other property, that those who must have the dollar with which to pay their debts and their taxes and to obtain the necessities of life must purchase the dollar with their commodities, their labor, or their property. When money is scarce, you have to pay more for it in labor, commodities, and lands.

We may therefore either say that the value of a dollar is too high or we may express the same thought by saying that the value of products or commodities or land is too low. Today, for instance, cotton, wheat, meats, wool, and other products, and lands are worth only about one half what they were prior to 1930. In other words, at the present time you must give about twice as much of these things to obtain a dollar as you did prior to 1930.

It is perfectly evident, then, that if you wish to change the conditions that now exist and return to the conditions that existed prior to 1930, then you must raise commodity prices and land

values as measured by the dollar to what they were prior to 1930. If this is done, the result is the deflation of the dollar to the extent of practically one half. Expressed in another way, the dollar will then buy only half as much as it will now, and products and lands will purchase twice as many dollars as they now purchase. This can be accomplished through reflation of our currencies.

Everybody in the United States should desire the accomplishment of this result. It would benefit everyone. It would allow the producer a surplus over the cost of production, with which he could purchase not only the bare necessities of life but those manufactured articles and other things that are necessary to our high standard of living and make for health, comfort, education, and happiness. It would restore prosperity to our country, and it seems, in view of our past experience and the failure of our futile remedies, that such is the only method that will accomplish the restoration of prosperity.

I am assigned the topic of "controlled inflation."

This, in reality, means the same as "reflation", or expansion of our currencies and our credits to the point where they existed, on the average, prior to 1930. We must remember, in speaking of reflation, or controlled inflation, that there has been a tremendous deflation in circulating media, credits, and values since 1929.

As far as currencies are concerned, there is as large a quantity of currencies in the United States as there was prior to 1930, but such currencies are not circulating in trade and commerce. They are not in the possession of the people. They are locked up in the banks of the country in the form of capital and deposits. Banks have been refusing to lend money because loans were not safe, so they claimed, while commodity values and other values were decreasing and unemployment was increasing.

We have attempted, through every form of legislation, not only to empower the banks to lend money but to induce them to make loans for the purpose of stopping the disastrous liquidation, and also to enable self-liquidating projects to be constructed. All of these efforts and all of these schemes and devices and all of this legislation have failed to accomplish the purpose for which they were intended.

The banks that were members of the Federal Reserve System of the country had eligible paper—that means good securities—that could be rediscounted at the Federal Reserve banks for Federal Reserve notes of a value of \$4,000,000,000. The banks did not avail themselves of this large potential money issue because they did not need Federal Reserve notes, as they were not making loans to the people of the country.

Then came the Glass-Steagall bank bill, which permitted member banks to use Government bonds as security—or, in other words, as eligible paper—upon which to obtain currency from the Federal Reserve banks. This act practically doubled the eligible securities of the member banks. Yet they did not avail themselves of this enormous power to get currency from the Federal Reserve banks and circulate it through loans in the United States. Only an insignificant amount of this currency was ever called for.

And after the passage of that act conditions in the country got steadily worse. Some banks not only refused to make loans, but at the time they accumulated reserves of money 2 or 3 times the amount required by law. It is true that they had a good excuse for holding this money out of circulation. They contended that they had to keep enough money on hand to meet the demands of the depositors—in other words, to meet runs on their banks.

This currency, while in existence, and, according to the Treasury reports, in circulation, was, in fact, not in circulation, and is not now in circulation, but is as useless to the people of the country as though it were locked up in the vaults of the Treasury or sunk in the bottom of the ocean.

But we are told that the chief circulating medium of this country is not currency but checks and drafts. Well, what has happened to checks and drafts? Prior to 1930 the daily turnover was about \$13,000,000,000. The average for the last several months has been about one fourth of that amount. Check and draft turnovers depend upon purchases by depositors, and depositors have not been purchasing. Depositors cannot be blamed because, like the bankers, they could not safely use their money. When the value of everything is falling, they will not take the chance.

The only person or institution apparently that can afford to take the chance of expanding currency and credit is the people's Government. It has to take the chance because it is acting for all of the people, and because without the inflation of currencies, credits, and values, our Government, as well as our people, will continue their rapid spiral downward to economic and social destruction.

There are a few holders of vast fortunes in our country who are fighting the increase in the price of cotton, wheat, and other products because, as they argue, they will then have to pay many more of their dollars for such products. This is a narrow-minded argument. Their money will be worth nothing to them if the 30,000,000 people who depend upon agriculture for their purchasing power, and the 26,000,000 of men, women, and children who depend upon labor for their purchasing power continue to be nonpurchasers in our domestic market. Their factories will not be able to produce; their banks will not be able to lend; nor will they, as individuals or corporations, be able to produce or to lend.

The proposed Thomas amendment to the farm bill, in the form in which it was recast and introduced in the Senate on Thursday last, meets with the President's approval. Yesterday it met with a bitter attack by Senator REED, of Pennsylvania. He charged that it provided for an unlimited inflation; that the notes to be issued were greenbacks, like those issued in 1862. He presented some old arguments that have been presented for the last 3 or 4 years.

How much the passage of such an amendment may accomplish is subject to argument. What the "stand pat", do-nothing policy of the past 3 years did do, we know. Now, the amendment introduced by Senator THOMAS and approved by the President does not propose to issue greenbacks, or fiat currencies, nor is it a proposition for the unlimited issues of currencies, as was suggested by the Senator from Pennsylvania. It provides that the President, through the Secretary of the Treasury, may enter into agreements with the Federal Reserve banks, with the approval of the Federal Reserve Board, wherein such banks shall agree, out of their immense resources, to circulate \$3,000,000,000 in Federal Reserve notes through the purchase in the open market of Government bonds, and through the purchase of Treasury bills. If these banks enter into such an agreement, and so expand such currency, and it results in raising commodity prices, restoring employment, and starting prosperity, then that will be the end of the currency inflation. If these banks refuse to enter into such an agreement, and refuse to use their resources and instrumentalities to meet the emergency, then the President will cause the Treasury Department to issue Treasury notes, not in excess of \$3,000,000,000, with which to accomplish the purpose that such Federal Reserve banks refuse to undertake. Again, as the restoration of prosperity through the raising of commodity prices to a reasonable level is the aim of the President, he will, of course, utilize the power granted to him by Congress to issue such part of the \$3,000,000,000 in Treasury notes as is necessary to accomplish the purpose intended.

In other words, the total power of inflation granted to the President under the amendment is only \$6,000,000,000, with the possibility, and we hope the probability, that only half of this sum will be required to bring about the desired and necessary ends. Even with the circulation of the entire \$6,000,000,000 there would still be less circulating media in the country than there was in 1928 and 1929.

Under the proposed amendment the proposed issue will not be greenbacks or any other form of fiat unsecured money. If the \$3,000,000,000 is issued by the Federal Reserve banks, it will be in Federal Reserve notes secured to the extent of 40 percent by gold. If it be Treasury notes, then they will have behind them the same security as we have behind our Government bonds, and will be full legal tender for all debts, public and private.

In addition to that the amendment provides that there shall be appropriations for the annual retirement of 4 percent of such Treasury notes; in other words, all of such notes will be retired within 25 years. Nor is this all. These notes may be issued only for the purpose of purchasing the maturing obligations of the Government, such as bonds and Treasury bills. The obligations of the Government will be no greater by the issuance of these notes than they were before the notes were issued, because with the issuance of the notes an equal value of other Government obligations are retired and canceled. The difference is that the bonds and other obligations that are retired by the exchange of these notes are interest-bearing, while the notes that are issued will be non-interest-bearing.

Again, the bonds are not a circulating medium, while the notes will be. It is not the policy of the Government to permit any undue or sudden inflation of currencies, credits, and values; and it has ample power to prevent such an occurrence.

There is another power granted to the President in the proposed amendment which provides that the President may fix the weight of the gold dollar if he finds from investigation that it is necessary for the protection of our foreign commerce against the adverse effect of the depreciated moneys or currencies of other governments. It is universally admitted that our foreign commerce is now suffering from such cause. Great Britain and some 39 other countries are off the gold standard. Their currencies, such as the pound sterling, have depreciated in value in international trade from 30 to 60 percent. The value of such currencies in international trade is measured by their exchange value for gold. For instance, prior to September 1931, the British pound sterling would buy \$4.86 worth of gold. Today it will purchase about two thirds as much gold. Therefore in international trade the value of the pound sterling has fallen around one third.

These countries of cheap money and cheap currencies can buy foreign products for less in countries of depreciated currencies than they can in the United States. But when these countries, with their products, buy the dollar they can take it back to their own countries and purchase from one third to two thirds more of their own currency.

Since the President's proclamation placing the embargo on the exportation of gold the value of the dollar in international trade has fallen or depreciated. This depreciation of the dollar has caused depositors to use their money to purchase products and property, with the result that commodity prices and stocks and lands have increased in value. The proposed amendment will further reduce the value of the dollar by comparison with products, and therefore depositors, anticipating this, are buying products and lands. This is a step in the right direction. It is what has been sought for the past 3 years. It will restore confidence in our values; it will loosen up money. It will start the wheels of industry and the employment of men and women. It will undoubtedly cause a steady and continuous increase in property values. Our people need not expect any wild inflation, which is commonly designated as "a boom." We want no such boom. The reaction from it would be too great. The President will not permit it.

And yet this race among governments to cheapen their money, so that they may obtain an advantage in international trade as

against their competitors of higher-valued money, must necessarily cease. The end of such a race, unless soon stopped, will reach the point where moneys are so unstable and valueless that we will be driven to the recourse of barter in trade. The action of our Government is a demonstration of the necessity for the adjustment and stabilization of the moneys of the countries engaged in international trade.

The provision granting the power to the President to fix the weight of gold enables him to meet any depreciation in the currency of any government. It is a power that he would deeply regret to be compelled to use. It is a power that he would never use unless the actions of other governments made it absolutely necessary to the preservation of our foreign trade. It is a power that he should have, and that, in my opinion, is necessary when our Government enters the coming economic conference. It gives him power at such conference not only to meet any move by any other government, but to agree with other governments on a fixed value for the currencies of each of such governments in international trade. If the hands of the President are tied, then God help our country. The President deserves the confidence and trust of the American people.

There is another provision in the amendment which authorizes the President to accept silver at a value of not to exceed 50 cents an ounce in payment of foreign debts, and not to exceed \$100,000,000 worth in the aggregate.

This may be of value to foreign governments in meeting payments due prior to the economic conference. We know that these governments deplore the necessity of repudiating their debts. We give due weight to their arguments that they have not the gold to safely transfer, and we do not desire to accept their commodities in payment.

The British Government for India owes Great Britain approximately \$80,000,000. Such Government, so we are credibly informed, desires to pay Great Britain in silver, the market price of which today is under 50 cents an ounce. Great Britain owes the United States \$74,950,000 as interest on June 15. Under the terms of the amendment Great Britain can pay this debt in silver. The United States, in the event of accepting this silver, would coin \$74,950,000 in standard silver dollars and subsidiary coinage, issuing and circulating silver certificates as against the dollars.

The acquisition of this silver by the United States would reduce the oversupply of silver in the markets of the world derived from the melting up of silver coins by India and tend to increase the price of silver, which would greatly enlarge our export market with China, India, South America, and other silver-using countries. No one would lose by this transaction, while the United States and Great Britain would surely gain. Let all of our citizens stand with the President in his fight against depression.

SENATOR LA FOLLETTE'S EFFORTS FOR EMERGENCY RELIEF

Mr. CUTTING. Mr. President, I ask unanimous consent to have placed in the RECORD an article from the Capital Times, of Madison, Wis., of the issue April 15, 1933, on the subject of the efforts of the senior Senator from Wisconsin [Mr. LA FOLLETTE] to obtain unemployment relief.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Capital Times, Madison, Wis., Apr. 15, 1933]

THE STORY OF BOB LA FOLLETTE'S GALLANT, UPHILL FIGHT FOR RELIEF

Passage of the bill to provide \$500,000,000 of Federal funds to relieve human suffering marks the first major victory since the collapse of 1929 for millions of men, women, and children who have been the chief casualties of the depression.

The fight for this legislation has lasted more than 3 years. It began in the winter of 1929-30, when BOB LA FOLLETTE, of Wisconsin, demanded on the floor of the United States Senate that the Federal Government, not the local taxpayers of States, counties, and cities, should assume the primary burden of human relief.

For 3 years, in four sessions of Congress, Senator LA FOLLETTE has fought unceasingly for this principle against tremendous odds. His battle has been waged for a twofold program. He has insisted (1) that Washington could not shirk its share of the responsibility for the relief of the victims of a depression resulting primarily from mistaken policies of the Federal Government; (2) that the Federal Government should launch a Nation-wide program for useful public works to provide jobs for the unemployed, stimulate business, and check deflation.

On March 30 the United States Senate reversed itself by passing, 53 to 17, the \$500,000,000 Federal relief bill drafted by Senators LA FOLLETTE, COSTIGAN, and WAGNER. This measure follows the terms of the La Follette-Costigan bill, twice rejected in the Senate at previous sessions.

After final action by Congress the bill will go to the White House. There it is assured of approval from the successor of Herbert Hoover, who stood like a rock against Federal aid for the unemployed through three winters of starvation.

LIFTING THE WHITE HOUSE EMBARGO ON PUBLIC WORKS

Almost simultaneous with Senate approval of the La Follette-Costigan relief plan comes the heartening news that President Roosevelt will scrap another Hoover policy by lifting the White House embargo on public-works legislation.

Under the Hoover regime, the main reliance of the Federal Government to "revive prosperity" was placed upon balancing the

Budget, cheese-paring economy, and other devices to stimulate the stock market and "restore confidence."

President Roosevelt apparently has the wisdom to see that we have had enough of psychological remedies and that the people rightfully expect their Government to provide actual jobs for those who are willing to work.

When the public-works program outlined by the President is undertaken on a national scale, the administration will have come up to the position LA FOLLETTE, of Wisconsin, has occupied throughout the depression. It will have virtually adopted the program LA FOLLETTE has strongly defended against the sniping attacks of the Nation's press, the Insulls, the Mitchells, and the other spokesmen for Wall Street who have dictated Federal policy before and since the crash in 1929.

The story of LA FOLLETTE's fight to get the attention of Government officials at Washington off the banks, the railroads, and big insurance companies long enough to see the havoc wrought in wrecked homes and broken families, and his insistence upon fundamental remedies to recreate purchasing power as the essential step toward a balanced prosperity, are embedded deeply in the public records of the last 3 years.

IN 1931 LA FOLLETTE BROUGHT FORWARD PROGRAM

Beginning at the December session of Congress in 1929, LA FOLLETTE started his militant opposition to the Hoover policies and brought forward a clear-cut alternative program for national reconstruction.

At the opening session, within 60 days after the stock-market crash, the President asked Congress to rush through a bill to reduce Federal taxes by \$160,000,000 on incomes for 1929, on which taxes were already payable. The avowed intent of this legislation was to "peg" the falling stock market by reducing the payments for big income and corporate taxpayers.

LA FOLLETTE opposed the bill on the Senate floor, warning that the depression was too serious to be checked by sleight-of-hand methods. He demanded that taxes already payable under existing law should be collected to meet the need for genuine relief which he foresaw would be necessary.

When President Hoover announced at the White House on March 8, 1930, that the crisis was past and predicted that unemployment would cease to be a problem "within 60 days", LA FOLLETTE challenged the statement and continued his uphill fight to force Congress to enact remedial legislation.

During the recess before Congress convened in December 1930 the Senator from Wisconsin sent out questionnaires to the mayors of all cities of 5,000 population and over to get the real facts concerning unemployment conditions in every section of the country. Using the replies to this inquiry and telegrams furnished him by President Green, of the American Federation of Labor, from central labor boards throughout the United States, he succeeded at the 1930 session in forcing administration officials in charge of relief and construction to appear before the Senate Appropriations Committee in January 1931. His analysis of their testimony belied the administration's claim that prosperity was "just around the corner."

A BREACH OF FAITH WITH THE AMERICAN PEOPLE

LA FOLLETTE took the floor in the Senate February 10, 1931, to protest vigorously against adjournment of Congress on March 4 without the enactment of Federal relief legislation. He said:

"The evidence is overwhelming that the urban centers are now suffering from a more serious economic crisis than has ever confronted the country. . . . With at least 6,000,000 unemployed, with another 5,000,000 on part time, it is a very conservative estimate to say that, with their dependents, at least 22,000,000 people are affected.

"To fail to provide any relief for this great group is a breach of faith with the American people. . . . This is the second winter of unemployment. As shown in the survey which I presented to the Senate from 303 cities scattered over 41 States of the country, it is evident that many communities have already exhausted the resources of voluntary contributions. . . . It has been argued in this controversy by those supporting the administration that the local communities should be called upon to take care of the unemployed.

"I, for one, cannot see the logic of that argument for two reasons: First, because if any governmental entity is responsible, or has had any share of responsibility in producing this economic crisis, then surely it is the Federal Government. The governments of the cities and the governments of the various States cannot be said to have enacted legislation which has contributed to the present business depression. It is only the Federal Government, in enacting legislation affecting economic conditions in the country, which has any responsibility in this matter; and yet it is argued that Congress is the one governmental agency which should not afford any assistance in the existing crisis.

"Secondly, Mr. President, to throw the entire burden upon the cities is to place it entirely upon real and tangible property. Those who derive their income from stocks and bonds and other forms of securities will go scot free. We leave it to their generosity to determine the amount of their contribution in meeting the demands of suffering and distress. Upon the homes of workmen who are out of work, upon the little corner grocery, and the small property owner the administration contends the entire burden should fall.

"Mr. President, there has been much talk about a dole in the present situation, but up until this time I have not had anyone supporting the administration's policy explain to me the differ-

ence between a dollar appropriated by a city or a county or a dollar appropriated out of the Federal Treasury."

MARSHALLING THE EVIDENCE OF ACUTE DISTRESS

During the recess in the summer of 1931, LA FOLLETTE continued his independent investigation, sending out a second questionnaire to mayors of cities. On December 9, 1931, a few days after the new Congress assembled, Senators LA FOLLETTE and COSTIGAN introduced separate bills for Federal relief, which were referred to the Committee on Manufactures, of which LA FOLLETTE was chairman.

Hearings on the bills were promptly ordered by Chairman LA FOLLETTE, continuing from December 28, 1931, over the Christmas recess to January 9. On January 21 the La Follette-Costigan bill (S. 3045), combining the two measures, was reported to the Senate, and on February 2 LA FOLLETTE succeeded in having the bill made the unfinished business before the Senate, the debate continuing for 2 weeks.

On February 2 and 3 LA FOLLETTE spoke for 5 hours, marshaling the evidence produced before the committee and compelling the Senate to listen to scores of cases of acute distress among the unemployed and their families.

It was this debate, led by Senators LA FOLLETTE and COSTIGAN, in which reactionary Republican and Democratic leaders were for the first time forced to face the facts and to admit the necessity of immediate Federal aid to cities and States whose treasuries had broken down under the demand for relief.

Unable longer to ignore the array of facts assembled at the committee hearings, old-guard Senators in both the Republican and Democratic camps sought to shift the issue by proposing loans to the States in lieu of the appropriation of \$375,000,000 for direct emergency relief proposed in the La Follette-Costigan bill.

SPOKESMAN FOR PRESIDENT HOOVER BITTERLY DENOUNCED THE BILL

After Senator FESS, of Ohio, chairman of the Republican National Committee, and spokesman for President Hoover, had bitterly denounced the bill, Senator BORAH, of Idaho, spoke in reply. He said:

"Mr. President, we seem to have the philosophy of the senior Senator from Ohio in all its naked and hideous ugliness. He takes the position that the National Government should not aid the suffering, the needy, the sick, and the distressed, even though the local government is not taking care of them. . . .

"A few days ago we passed what is known as 'the Reconstruction Finance Corporation measure.' I do not question now the necessity. I challenge any Senator upon this floor to find the slightest sanction for that measure in any authority that is given to the Congress of the United States. . . . What I am complaining of is that men who voted to take money out of the Treasury of the United States to revive private business are now unwilling to take money out of the Treasury of the United States to preserve human life when we know it to be imperiled. . . .

"We have lodged governmental powers in the people of the United States. This is their Government. It was made for them. They defend it upon the field of battle; they give their lives for it; and when distress comes the Government owes something to the people. . . .

"The senior Senator from Ohio spent considerable time on the system of the dole. He left the floor without defining the dole. . . . There is no proposal here to pay a stated sum to individuals, regardless of whether or not they are in actual need. . . .

"There is nothing proposed in the nature of a dole such as they have in England. . . . There is not the semblance of a dole here. . . . Mr. President, this is a practical proposition. Theory disappears when people are hungry. We may call it a dole, but they call it something to eat. . . .

"I have read almost in full the hearings taken before the committee of which the able Senator from Wisconsin [Mr. LA FOLLETTE] is chairman. That committee did a fine and helpful thing in bringing out the real facts. If anyone thinks conditions have been exaggerated, let him read these hearings. . . . I do not believe conditions have been exaggerated. . . . I sometimes doubt if the Great War itself, with all its suffering and sacrifices, entailed greater misery and more agony of heart than these long, fateful days in the aftermath of war."

"NO MORE INTELLIGENT HEARINGS EVER CONDUCTED"—SENATOR JOHNSON

Senator JOHNSON, of California, took up the cudgels for the measure as the debate continued. He said:

"I want to yield the fullest meed of praise of which I am capable of expression to the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Colorado [Mr. COSTIGAN] for the magnificent work they have done in connection with the measure that is pending now before the Senate, and to say to them, too, that that work, no matter what may be the fate of the bill that is before us now, has not been done in vain.

"No more intelligent hearings, in my opinion, were ever conducted by a Senate committee than were conducted by the committee over which the senior Senator from Wisconsin [Mr. LA FOLLETTE] presides. No more informative hearings have ever been brought to this body than this bill has brought after the deliberations of the committee headed by the senior Senator from Wisconsin. . . .

"The difficulty with the legislation which has been passed thus far by the Congress in this depression has been that it has all begun at the top. . . . Now, sir, finally we come down to the bottom; we come down to those who are little able to aid them-

selves. . . . For the first time in the history of this depression, thanks to the ability and perseverance of Messrs. LA FOLLETTE and COSTIGAN, we are to deal with men and women and children who demand of the United States Government some sort of relief in this horrid period of distress."

PETITION DENOUNCING "COMMUNISTIC DOLE"

Senator REED of Pennsylvania attacked the bill, declaring the depression would soon end and that the sufferings of the people were not to be compared with those of former panics. Senator KEAN, of New Jersey, a multimillionaire financier, presented a petition from the New Jersey Taxpayers' Association, advocating a sales tax and denouncing the "communistic Costigan-La Follette dole from the Federal Treasury."

On February 16 the bill was defeated by a vote of 48 to 35. All the progressives of both parties in the Senate voted for its passage. For the bill were 19 Democrats, 15 Republicans, and 1 Farmer-Laborite, with 21 Democrats and 27 Republicans against it. Thus a majority of both parties voted to kill the measure.

After the defeat of the bill LA FOLLETTE obtained from the Manufactures Committee a favorable report on a substitute by Senator WAGNER, of New York, providing for reimbursable loans to the States rather than outright grants from the Federal Government. The Wagner bill was reported by LA FOLLETTE from committee on February 29, but the leaders in the Senate permitted no action upon it until it was incorporated in the Emergency Relief and Construction Act of July 21.

Upon the convening of the "lame duck" session of the Seventy-second Congress in December 1932 Senator LA FOLLETTE for the third time addressed a questionnaire to the mayors of cities. The La Follette-Costigan bill was reintroduced, and hearings were held before the Manufactures Committee from January 3 to 17, 1933. The bill was favorably reported on January 27, but on February 20 it was defeated for a second time by a vote of 44 to 28. The "lame duck" session adjourned without action to extend Federal aid to the millions of unemployed workers, estimated to number 12,000,000 toward the close of the fourth winter of the depression.

The bill which passed the Senate on March 30, 1933, abandons the "loan" principle of the Wagner bill of 1932 and provides \$500,000,000 for direct grants to the States. Thus the basic principle of the La Follette-Costigan bill has been accepted. After 3 years of struggle the burden of relief is about to be shifted from local and State taxpayers to the Federal Government, which throughout the Hoover administration failed to provide, except by loans, a dollar of Federal funds to aid in the direct relief of the human victims of the depression.

LA FOLLETTE'S FIGHT WILL SAVE MILLIONS

The fight Senator LA FOLLETTE has made for 3 years in the United States Senate—on the floor, in committee, and during recesses of Congress—will not only mitigate human suffering and provide food for men, women, and children on the verge of starvation, but it will likewise reduce, by every dollar of the Federal expenditure, the crushing burden of taxation which the Hoover policy of local relief has saddled upon the owners of homes, farms, and other property subject to State and local taxation. In Wisconsin alone, LA FOLLETTE'S fight, which has been carried to complete victory, will save millions to local taxpayers.

During the campaign of 1932 Senator GLASS, of Virginia, and Alfred E. Smith named Senator LA FOLLETTE as one of the few men in Congress who had foreseen the gravity of the depression and brought forward adequate measures to combat it. The people of Wisconsin know that this remarkable record of their senior Senator has been written in the teeth of continuous misrepresentation and abuse from reactionary politicians and a mendacious press within and without the State.

Bob La Follette, the elder, met the same kind of opposition when, almost alone in the United States Senate, he resisted American entrance into the World War and foretold its economic consequences, from which we are suffering today. The people of Wisconsin are fortunate to have another LA FOLLETTE in the Senate with courage, vision, and statesmanship tested and tried in the fires of a national crisis.

EXPANDING THE CURRENCY—ADDRESS BY SENATOR LONG

Mr. OVERTON. Mr. President, I ask leave to have printed in the RECORD a speech delivered by the senior Senator from Louisiana [Mr. LONG] over a network of radio stations of the National Broadcasting Co. from Washington, D.C., on April 21, 1933, on the subject of "Expanding the Currency."

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, I am pleased tonight to have the opportunity to speak from coast to coast on the most interesting subject with which we are now dealing in the American Congress. I do not wish to claim a great deal of credit for the events now transpiring, but I do wish to call to your attention, in order that you might understand it from a historical standpoint, the fight which has been going on here in Congress for nearly a year and a half to expand the currency of the United States Government.

There has been a fight, and that fight has been led by Senator WHEELER, of Montana, Senator THOMAS of Oklahoma, and myself, Huey P. Long, of Louisiana, undertaking to require the United States Government to supply the people with sufficient money to carry on the business of this country.

In order that I might explain what we have undertaken to do, because it now seems that we have succeeded, though the fight has been arduous, long, and tiresome, and under critical circumstances, in order to explain it, I will make this statement: In 1921 the American dollar, based upon commodity values, was worth about 60 cents. In 1927 and 1928 the American dollar, based upon commodity values was worth \$1. In 1932 and 1933, the American dollar, based upon commodity values, was worth \$1.60.

Now, let me restate that: In 1927 and 1928 the American dollar was worth 60 cents. In 1928 and 1929 it was worth a dollar, and in 1932 and 1933 the American dollar was worth \$1.60. That is, based upon commodity values. That means, ladies and gentlemen, that in the Western States the man who borrowed a dollar in 1921, worth 60 cents, in 1932 had to pay back that dollar worth \$1.60—two and a half for one. It broke down the purchasing power of the American farmer; it wrecked economic adjustment of the country; and as a result of it, a paralysis existed in America.

As a result of that condition, or rather as a consequence of it, last year an alleged filibuster was conducted in the Senate, that filibuster having been conducted between three Senators—THOMAS of Oklahoma; WHEELER, of Montana; and LONG, of Louisiana—and brought about a fight to compel expansion of the currency to restore commodity prices in the United States. We made a fight, commonly denominated a filibuster, to require the United States Government to lay down the principles for the expansion of the currency. We announced we would content ourselves with no legislation unless it embodied provision for the protection of the American debtor, so they might deal in American dollars on the basis of the American dollar when they contracted a debt they are now required to pay.

I wish to break in at this moment. I am advised by Frank Russell, the rather peculiar vice president of the National Broadcasting Co. located here in Washington, that tonight marks the eighth anniversary of radio station WSMB, located in one of God's chosen spots, New Orleans. You boys have done a great job in building up your station, WSMB, and I send you my hearty congratulations and best wishes and hope you keep up the great work.

Now, ladies and gentlemen, we are not indulging ourselves in any great fight, but we have made one fight, and one fight only, and that has been a fight for the decentralization of wealth, and I would not have you share any illusion while we are now apparently on the threshold of success. I would not have you believe for one moment that the expansion of the currency will solve the problem of decentralization of wealth, for which we have fought so long and for which we have undertaken to secure an accomplishment by bringing down the fortunes of the big men and restoring the value of property ownership in the little man.

In order that I might be understood, ladies and gentlemen, let me say this: I was not willing that my fortitude and position in politics be regulated to coordinate to the wishes of Congress or the President of the United States. I regarded our handling of the banking situation as tragical and a menace. We closed so many banks with our banking legislation that from five to six billions of dollars of bank deposits became frozen. I was not in sympathy with that and I have undertaken to bring about a reopening of all banks.

I was not in favor of the economy bill passed by the State administration and the national administration to cut down the amount of compensation paid soldiers of wars fought for America. On the contrary, I felt every veteran of the Spanish-American War and World War should receive what compensation had been allowed him, and I fought against the so-called "economy bill", not only because it failed to take care of veterans of the Spanish-American War and World War, but because it took from the man who was injured money he needed to support himself and family and to undertake to bring himself back to health, safety, and life to come.

Therefore, ladies and gentlemen, I made no pretense on the question. I did not approve of the program on the bank transactions; I was opposed to the so-called "economy bill", and I was opposed to this bill appropriating \$250,000,000 of the money of the people of the United States to plant trees in the United States and pay men \$1 a day to do it. But, ladies and gentlemen, I went along with the administration because I felt it was better to give it a chance to succeed, however wrong it might be, rather than to have it handicapped by anything that I might do. But later on we undertook to bring about a test vote in the United States Senate to show that we were in favor of an inflation of the currency, or rather an expansion of the currency so there would be enough money left in America to carry on the legitimate business of commerce, agriculture, and various and sundry other transactions.

Late as may have been our success, we are happy tonight to tell you that the President of the United States and the other great statesmen of finance have swallowed our demand, hook, line, and sinker, and tonight, ladies and gentlemen, it appears that the expansion of the currency is but a few moments (based upon world time) when we will have before us a law for the signature of our great President expanding our currency to such an extent that there will be gold and silver and certificates sufficient to carry on and to accommodate the legal requirements of the people of the United States of America. So much for that.

We are happy, ladies and gentlemen; we claim no credit whatever for what we have done. We are glad Senator WHEELER'S amendment providing for 16-to-1 silver was passed by a majority

vote on the Democratic side of the Senate—the Democrats voted approval. It was defeated only by the fact that a majority of the Republicans voted against silver being remonetized.

Senator WHEELER will go down in our ranks as the leading exponent of advanced thought on expansion of currency. So much for his great name which none of us can share when it comes to accomplishments.

Now, it appears that when we have reconvened Congress on Monday it will be a matter of but a few moments—maybe a few days—when we shall have remonetized silver most probably; we will have expanded currency most certainly, giving the people of the United States a medium of exchange to carry on ordinary and customary transactions, without such paralysis as has handicapped the business of this country in the past few months and years.

I am now going to address myself to another subject—that is, decentralization of wealth. I have been asked to speak repeatedly in the larger cities of the United States and to explain my philosophy of government. This week I spoke in the city of New York. I am again pleased and happy to speak over the Nation's radio system from this Capital, Washington, D.C.

My philosophy, my friends, is not a new philosophy. It is opposed, I believe, because of its simplicity. I have advocated in the land of too much to eat, there should be none to starve. I have advocated that in the land of too much to wear, there should be none naked. I propose that in the land of too many houses, there should be none without homes to live in. In a word, I propose that in a land of plenty, there should not be suffering because there is too much.

I, therefore, have proposed, ladies and gentlemen of America, that we should return to the basic and fundamental laws of our Creator, that we should gain the support of our Government from the big fortunes on the top, and not oppress the man on the bottom in order to carry on and not create a state of social unrest, but a protected and civilized government.

If I might illustrate to you what I propose, I would say that in 1916 the entire United States was startled by the exposure that 60 percent of the wealth was in the hands of 2 percent of the people, and that 65 percent of the people owned less than 5 percent of our wealth, leaving a middle class of 33 percent which owned 35 percent of our wealth. We were startled by the fact that 60 percent of our wealth was owned by 2 percent of the people and 65 percent of the people owned less than 5 percent of the wealth. But, ladies and gentlemen, today the middle class has been wiped out and 90 percent of the wealth of America is owned by from 5 to 7 percent of the people of America; and, as a result of it, we have allowed the wealth of this country to become concentrated into the hands of a few people, resulting in starvation of the masses and in the overloading and overbonding of the great mass, instead of giving over the largest percentage of the wealth to the larger percentage of the people.

As a result of this situation we wonder why, my friends, there is starvation in the land of plenty! The reason is the fact that we have allowed this country to be gradually and steadily accumulated into the hands of a few men; and, as a result of it, a mere handful of men own more of the Nation's wealth today than 95 percent of the population of the United States all put together.

How are we going to counter this proposition? How are we to expect the people of America to exist when a few are allowed to gradually suck through such a system of windpipes and power pipes until a mere minority of 1 percent own more than 60 percent of the entire national wealth?

Why, ladies and gentlemen, it is a condition that cannot survive, under which no country can starve and live, and therefore we propose to the American people tonight that we be allowed to decentralize the wealth of this country and share the wealth of this land and the fruits of this land and the labor of this land among American people rather than have thirteen to fourteen millions of people idle and another twenty to thirty millions of people starving, in order that a mere handful comprising a plutocracy can have a strangle hold on the wealth and industry and thriving agriculture of the entire American public.

For that reason I have proposed in the United States Senate and the lower House of Congress three laws, and they are these: When a man earns a million dollars a year after paying all taxes and expenses he will be required to contribute all over a million dollars to the United States Government. That means a man is allowed to earn net \$1,000,000 a year and no more than that; and then we propose, second, that after a man dies with a fortune, that he can give each one of his children \$5,000,000 apiece; but that he cannot give more than \$5,000,000 to any one child that he has never hit a lick of work to earn, the balance to go to the Government.

Then the third law I have proposed is a capital levy tax. It provides when a man has a fortune of more than a million dollars he shall give 1 percent of all over a million dollars to the Government. It proposes when a man is worth more than \$2,000,000 he should give 2 percent of all he owns above two million to the Government. It provides when a man owns more than \$10,000,000, he shall give 10 percent of all he owns above ten million and until it finally reaches \$100,000,000, and then it provides when a man owns more than \$100,000,000, that he shall give everything that he owns above \$100,000,000 to the United States Government.

Why? For two reasons. First, when a man has earned \$1,000,000 a year, he has earned enough. Then a child has no right starting life with more than \$5,000,000; and, third, when a man has accumulated a fortune of \$100,000,000 he has enough, and the balance should go to the Government.

That is one reason. The second is that it will give the United States Government \$15,000,000,000 a year for the next 10 years. It will give it enough money to balance its Budget of expenses; enough to carry on public works; it will give it enough to carry on all works of public improvement; enough to amply finance the guaranty of bank deposits; and give this country so much money it will not have to levy one dime of taxes on a poor man, but on the bloated fortune status, until there would be no such thing as a man owning more than \$100,000,000, and no such thing as a child inheriting more than \$5,000,000, and no such thing as one man earning more than \$1,000,000 exclusive of interest, taxes, and costs in the course of the year's business. And as a result, my friends, of what we propose it would gradually and finally drag the fortunes off the top; it would reduce the swollen fortunes of the few and raise the status of the common, ordinary American citizen from the bottom until he would steadily reach a place in American society, and thereby allow the farmer and laborer to share the benefits and welfare of the American people, rather than creating a condition of serfs and unemployment on the bottom and lords on the top, as has been, due to the system of bloated plutocracy, as we are now experiencing.

And now that I cannot illustrate to you further, having only a few more minutes left me, let me say we are not the enemies of the rich. We are not the enemies of industry. We are not the enemies of the plutocrat. On the contrary, we are their greatest friends. We are undertaking to cause America and its ideals to survive. And we are told the philosophy of Jefferson and Lincoln and Jackson was that unless the fruits and profits of the land are spread among the people, no country can survive. We know what these leading statesmen said is now true.

We have too much corn, cotton, wheat, and oats; and yet our people are starving. Too much to wear and yet we have our people with nothing to wear. So many big houses, the loan companies, and building and loan associations cannot carry them in their portfolios, and the United States Government must market them through other process. Too much to eat and people starving. Too much to wear and people go naked. Too many homes and houses and people going through the lands and highways and byways with no place to lay their heads, because there is nothing they can find as a resting place, simply because the wealth of the land has been concentrated into the hands of the few.

We do not propose to take luxuries away from the rich and wealthy. We do not propose to take away from them one thing they can enjoy, but we ask a law that requires the wealth of the land to be reasonably distributed among all of the people, so in the land of too much to eat there is no such thing as a starving man; so that in the land of too much to wear no one shall go naked; so in the land of too much in the way of houses and homes people do not walk the highways and byways looking for a place whereon to rest their head when nighttime comes. We ask a law scraping the wealth from the top to accommodate the man on the bottom, taking from a man that which he does not need and giving to a man that which gives him life.

We ask for laws that do not permit in the land of plenty starvation, pestilence, consumption, and riot. That will mean that the fruits and profits and fortunes of the land will be shared by the people of all of the land and not concentrated into the hands of the few until there is stagnation at the top and misery wide-spread at the bottom. I thank you.

AN HONEST DOLLAR BY THE USE OF SYMMETALISM

Mr. THOMAS of Utah. Mr. President, I ask unanimous consent to have inserted in the RECORD an address entitled "An Honest Dollar by the Use of Symmetalism", delivered by R. B. Ketchum, dean of the School of Mines and Engineering, University of Utah, before the engineering council at the University of Utah April 17, 1933.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

The new book by Warrum and Pearson, of Cornell University, tells us that in 1888 Marshall proposed to the British gold and silver commission the plan that is called "symmetalism", as follows (p. 161):

"I propose that currency should be exchangeable at the mint or issue department, not for gold but for gold and silver. * * * I would make up gold and silver bars in gram weights so as to be useful in international trade. A gold bar of 100 grams, together with a silver bar, say, 20 times as heavy, would be exchangeable for currency."

The gold standard has failed as a satisfactory money base. Two nations, the United States and France, have cornered gold and it has depreciated in purchasing power to such an extent prices of all commodities have reached unprecedented low levels, and these prices are still skidding to lower levels. The recent deflationary measures used to balance budgets will cause prices to go still lower and the trend of the business curve is still downward on a steep grade. The process of writing off mortgages, voluntary lowering of debts, salaries, budgets, etc., are unable to catch up with declining revenues because of the accelerated velocity of deflationary processes. Prices must be made to rise. More dollars must be awarded to producers of raw materials from the farms, mines, and forests, upon whom all industry depends. That the low prices are due to the appreciation of the cornered gold dollar and not to overproduction is easily shown by facts and figures relative to

production. For example, our national income from our greatest industry—agriculture—has fallen from 12 billions to 5 billions. Anything that is done artificially to stimulate industry by the expenditure of a few paltry millions on construction or otherwise has little effect on making up this annual deficit of 7 billions in this one industry. The same thing has happened in all industries, making an enormous annual deficit in our annual income.

I quote from the *Business Week*, of April 12, 1933:

"We think too highly of the intelligence of President Roosevelt and his advisers to suppose for one moment that the administration believes it has done anything as yet toward reviving business—save perhaps the 3.2 percent of stimulation that beer may give. To be downright frank about it, virtually everything done so far has been deflationary. Some \$15,000,000,000 of bank deposits have been frozen; farm mortgages, which are really bank deposits and life-insurance policies, are about to be destroyed in part; some of the city consumer's income is about to be transferred to the farmer; issue of new securities is to be made more difficult; Government employees are losing jobs; spending power has been taken away from pensioners to the amount of a half billion dollars a year.

"Why, then, is the business world so hopeful? Just because we all believe the administration will not stop here; because the country has faith that the steps thus far taken are but the preliminaries toward constructive action.

"Washington has been doing an overhaul job on the automobile. The idea is to get it so it will run, cleaning out the gas line through which money flows from tank to motor, fitting a set of serviceable brakes to the securities markets, greasing the springs which must take the road jolts. All this is important, even necessary. But some day, not too far ahead, it will be necessary to fill the tank with gas, step on the starter, and try to go places. What brand of gas? How much?

"At that moment we shall catch our first glimpse of the real underlying philosophy of the administration or discover whether it has any fundamental program for recovery. There is evidence, both direct and inferential, that it has. Our own advisers are that the administration realizes as fully as anyone that the only thing that can help business is the creation of jobs, and that it is concentrating on plans.

"The evidence of circumstances is even stronger. Nothing the administration does is going to make business much worse. 'Don't rock the boat' is a dead slogan. The Democratic Party cannot stay in power by the process of doing nothing to disturb the existing order. It was put into power for the specific purpose of changing things. The mere preliminary indications of vigorous action have aroused the country to enthusiasm. The administration must be perfectly aware of that, and aware, too, that the enthusiasm will die as quickly unless the fundamental problem of business recovery is attacked and prices improved.

"Plans include, it is to be surmised, direct employment by the Government, and perhaps the use of Government funds as bait to stimulate industry to put up funds of its own to undertake new enterprise and thus to employ more people.

"No doubt every effort will be made to avoid direct currency inflation. But the money must be provided somehow. Perhaps there will be great bond-selling campaigns. Cleaning up the banks and rebuilding confidence in the securities market would make sense as the first steps to prepare for such an appeal to the public.

"The program, when it emerges, is certain to shock the conservatives. But there aren't as many conservatives as there were 4 years ago. Most business men nowadays realize that all the old and orthodox policies have been tried and have failed. Not all men realize how greatly the economic world has changed since classic economists taught that depressions cured themselves, but the country senses clearly enough that the times demand new patterns of thought and of behavior. It is prepared for bold experiments. Inaction is the one thing it will not forgive."

Now is the greatest opportunity the West has had in years to exert an influence that will not only help the West but also the whole Nation, and the whole Western Hemisphere. Price levels must stop declining. They must rise. This can be accomplished by symmetrism. What is symmetrism? Simply this: Instead of the present gold base of 23.22 grains of pure gold let us follow the ideas proposed by Marshall and use 11.61 grains of gold and 185.625 grains of pure silver. Instead of gold only we then use gold and silver in the ratio of 16 to 1. Note this is very different from free coinage of silver, and this plan is entirely free from the objections raised against bimetalism as formerly proposed.

I propose symmetrism for the following reasons:

1. The Western Hemisphere produces most of the world's silver. After the war the European nations debased their silver coinage to make it go farther for their uses.

2. The British Empire produces 80 percent of the world's gold. We should debase our gold dollar for our own protection exactly for the same reason as used on silver by European nations.

3. Using silver always with a fixed amount of gold as our money base will protect us against undue inflation.

4. When silver is accompanied by the gold there can be no such thing as the silver driving out the gold as in free coinage of silver at a ratio of 16 to 1.

5. The vast potential market of the Orient may be developed under this system in a way that is impossible with the gold standard.

6. This will help solve the international-debt question by making it easier for Europe to liquidate obligations.

7. This gold-silver dollar will become the unit on the Western Hemisphere.

8. This will give us higher prices by cutting down present purchasing power of the depreciated and cornered gold dollar.

9. This will tend to depreciate gold and appreciate silver.

10. When business increases and more money is needed our money base will be larger and will provide an ample supply of currency.

11. This will help start production in all nonferrous mines.

THE AMERICAN NAVY—ITS STANDING AND NEEDS SURVEYED

Mr. TRAMMELL. Mr. President, I present an article appearing in the Sunday New York Times, entitled "The American Navy: Its Standing and Needs Surveyed", which I ask may be published in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

[From the New York Times, Apr. 23, 1933]

THE AMERICAN NAVY: ITS STANDING AND NEEDS SURVEYED—COMPARED WITH THE BRITISH AND JAPANESE FLEETS, IT IS MARKEDLY BELOW TREATY STRENGTH IN MODERN SHIPS, WITH DEFICIENCIES IN CARRIERS AND CRUISERS AND IN NEW SUBMARINES AND DESTROYERS

By Hanson W. Baldwin

Today, more than at any time in the last decade, our naval needs are subjects for headlines. With the disarmament conference at Geneva apparently faltering toward a futile conclusion, with Europe an armed camp fearful of the future, with Japanese and Chinese armies on the march, and with guns booming in South America, the question of the strength of our fleet again becomes of paramount interest.

A new Secretary of the Navy now directs the destinies of our naval arms. He is responsible to a President who, having served as Assistant Secretary of the Navy during the World War, has kept in constant touch with naval developments.

What have been those developments? What is the standing of the American Navy today? What are its weaknesses? What remedies for the weaknesses have been suggested?

1. The treaties

The fleet today is restricted and to a large extent defined by the provisions of two naval treaties: the Treaty of Washington, signed in 1922, and the Treaty of London, signed in 1930. The Treaty of Washington, the first in history actually limiting naval armaments, was ratified by the United States, Great Britain, Japan, France, and Italy. The London Treaty met the approval of the three greatest sea powers—Great Britain, the United States, and Japan—but France and Italy refused to subscribe to its terms and hence are not bound by its provisions.

The Washington Treaty is valid until terminated by one of the five contracting nations upon 2 years' notice, but the London Treaty expires on December 31, 1936, unless its provisions are extended or revised by another naval conference before that time. Such a conference is provided for in the terms of the London Treaty, and is scheduled to be held in 1935, unless prior agreements are reached at the disarmament conference at Geneva.

It was at Washington that parity—equality in combatant ships with the world's greatest sea power (then and now Great Britain)—was officially made the American naval policy, and it was at Washington that the now famous 5-5-3 ratio was evolved. That ratio was originally intended to apply to the entire fleet strengths of the United States, Great Britain, and Japan, but since no agreements as to the limitations of cruisers, destroyers, and submarines could be reached it was applied only to capital ships (battleships and battle cruisers) and aircraft carriers.

BATTLESHIP TONNAGES

The treaty fixed the total capital-ship tonnage at 525,000 tons each for the United States and Great Britain, 315,000 tons for Japan, and 175,000 tons each for France and Italy. The total tonnage of aircraft carriers was fixed at 135,000 tons each for the United States and Great Britain, 81,000 tons for Japan, and 60,000 tons each for France and Italy. Thus the ratio for capital ships and carriers of the United States, Great Britain, and Japan was fixed at 5-5-3, or 10-10-6.

Certain experimental vessels in excess of the stipulated tonnages were allowed the various nations, and under this arrangement the United States retained the aircraft carrier *Langley*. Individual capital ships and aircraft carriers were limited by treaty terms in size and in armament, and the age of capital ships and carriers was fixed at 20 years, after which they could be replaced. Vessels of other types, however, were unlimited, except as to maximum size (10,000 tons) and maximum size of guns (8 inches).

THE LONDON CONFERENCE

The Washington Treaty failed because of its incomplete provisions to halt naval building, and the London conference was called in 1930 to supplement it. At London, Great Britain (that is for treaty purposes the British Empire), Japan, and the United States agreed upon a capital-ship building holiday to last until the end of 1936, thus postponing their rights to replace their over-age battleships and battle cruisers. In addition, the United States

scrapped 3 capital ships, Great Britain 5, and Japan 1. Each of these nations was allowed to retain one of these ships, demilitarized, for training purposes. As modified by the terms of the London agreements, the capital-ship quotas now stand as follows: Great Britain: 12 battleships, 3 battle cruisers; total tonnage, 473,650.

United States: Fifteen battleships; total tonnage, 453,500.

Japan: 6 battleships and 3 battle cruisers; total tonnage, 272,070.

But the principal achievements of the conference at London were the successful efforts to define and to limit the cruiser, destroyer, and submarine categories. Certain vessels which did not come within the definitions of any of these types, or which were termed experimental, were allowed to be retained in excess of set tonnages. In general, however, the limiting tonnages were definitely fixed.

Cruisers were divided into two classes: class A, with guns more than 6.1 inches in caliber, and class B, with guns of 6.1-inch caliber or less. In class A cruisers the United States was limited to a total of 180,000 tons, Great Britain to 146,800, and Japan to 108,400. In class B cruisers the United States was allowed 143,500 tons, Great Britain 192,200 tons, and Japan 100,450 tons.

In the destroyer class Great Britain and the United States were allotted 150,000 tons each, and Japan 105,450. In submarines each of the three nations was allowed 52,700 tons.

The effect of these provisions was to change the Washington ratio in Japan's favor. The new ratio, instead of being 10:10:6, became officially Great Britain 10, United States 9:8 and Japan 6:3, though the United States obtained the right, if it desired, to attain a ratio of 10 by building the same tonnage of A and B cruisers as Britain.

In class A cruisers the United States is permitted under treaty terms to complete 15 cruisers by 1935; but the 3 additional cruisers of this type she is allowed to build must not be completed before 1936, 1937, and 1938, respectively. The treaty permits each of the signatories to construct not more than 25 percent of its total cruiser tonnage as so-called "flying-deck cruisers."

AGE LIMITS FIXED

The age limits of cruisers, destroyers, and submarines, after which replacements were to be permitted, were fixed by the treaty. Cruisers and destroyers laid down before January 1, 1920, were to be replaceable 16 and 12 years, respectively, after completion; but those laid down after that date were not to be replaced until after 20 and 16 years, respectively. Submarines were to become "over-age" and replaceable 13 years after completion.

Keels of destroyers built for replacement purposes must not be laid down more than 2 years before the vessels to be replaced became "over-age"; in the case of other vessels the time was extended to 3 years.

The treaty provided that any vessels in excess of the maximum allowed tonnages must be disposed of by the end of 1936; in other words, the total tonnages for each class at that time must not exceed the limits as itemized above and as collated in table I.

TABLE I.—Tonnage limits under treaties

	United States	Great Britain	Japan
Capital ships.....	525,000	525,000	315,000
Aircraft carriers.....	135,000	135,000	81,000
Cruisers A.....	180,000	146,800	108,400
Cruisers B.....	143,500	192,200	100,450
Destroyers.....	150,000	150,000	105,450
Submarines.....	52,700	52,700	52,700
Total.....	1,186,200	1,201,700	763,000

TABLE II.—Naval strength of the 3 leading sea powers in 1933

	Under-age vessels						Over-age vessels					
	United States		Britain		Japan		United States		Britain		Japan	
	Number	Tons	Number	Tons	Number	Tons	Number	Tons	Number	Tons	Number	Tons
Capital ships.....	14	429,000	15	473,650	9	272,070	1	26,100				
Carriers.....	3	77,500	6	115,350	4	68,870						
Cruisers A.....	10	92,850	19	183,686	12	107,800	1	7,350			2	15,720
Cruisers B.....	10	70,500	24	114,020	17	81,455			9	36,885	3	11,920
Destroyers.....	14	16,560	40	52,849	72	93,205	237	250,910	116	123,490	31	28,680
Submarines.....	51	51,290	34	40,614	69	76,408	31	16,500	20	10,710	2	1,434
Total.....	102	738,000	138	980,169	183	699,808	270	300,860	145	171,055	38	57,754

A NAVAL OFFICER'S SUMMARY

The late Rear Admiral W. A. Moffett, United States Navy, recently declared:

"We have done almost no building as compared with the other signatories to the Washington Treaty. Since 1922 Japan has laid down or appropriated for 164 vessels, totaling 410,000 tons; Great Britain, 148 ships, totaling 470,000 tons. In the meantime the United States has appropriated for the niggardly total of 40 ships of 197,000 tons. The British and Japanese building programs have

II. The navies today

The Washington Treaty undoubtedly was a major milestone in the history of navies, and many believe that the signing of that document was the beginning of what has been recently described as the "decadence" of the United States Fleet.

Prior to the Washington Treaty, by the terms of which the nations scrapped some 1,800,000 tons of fighting ships, built, building, and authorized, the United States Fleet was well on the way to becoming the world's most powerful. By far the greatest and most powerful battleships and battle-cruiser fleet in the world was on the ways in American shipyards in 1921.

SCRAPPING BY AMERICA

In 1924, if the Washington Treaty had not been signed, the capital-ship ratios of the three leading powers (with allowance for age) would have been as follows: United States, 815,467 tons; British Empire, 447,469 tons; Japan, 400,806 tons. The United States, under the terms of the treaty, scrapped 28 battleships and battle cruisers, a larger and stronger Navy than it retained.

Our destroyer fleet, turned out at the rate of one or more a month to meet the menace of the German submarine campaign, was hastily built, but it was modern, and it was far larger than that of any other power. In submarines we were numerically superior to other nations. Only in cruisers and auxiliaries were we inferior, and these were deficiencies which at that time were not so marked as they are today.

Compared with a built fleet tonnage of 1,960,480 for Great Britain in 1921, the American-built tonnage was only 1,289,463, but the United States had 734,926 tons of warships either under construction or authorized, compared with 215,380 for Great Britain. Japan's built tonnage was 523,689, and she had 805,188 tons of warships under construction or authorized. Adding together the tonnage built, building, or authorized would have given the United States a total of 2,024,389 tons, compared with 2,075,860 for Great Britain and 1,333,877 for Japan, with every prospect that the United States would pass Britain in a few years.

The treaty signed in 1922 changed the entire picture. It not only halted our building program but, according to views often expressed by Capt. Dudley W. Knox, United States Navy, retired, and other prominent naval officers, it marked the beginning of the "eclipse of American sea power."

From a position rapidly approaching marked superiority in naval strength, we adopted, by the treaty, the policy of parity. But in the years that followed this was a policy more honored in the breach than in the observance. While other powers built cruisers, destroyers, and submarines, in this country we rested on the laurels of our war activities, our ships grew old without replacements, and our treaty quotas were never filled.

Moreover, since naval strength, like everything else, is relative, and since the strength or weakness of our sea power must be gaged by the fleets of other powers, the change in ratio at London, though slight, was considered by naval officers a still further reduction in the strength of our fleet.

OUR PRESENT STANDING

Since the Treaty of London we have done practically no building except in the class A cruiser category, so that we are today in "under-age" or "modern" ships well below our treaty quotas in practically every type of warship. If "over-age" or "obsolete or obsolescent" vessels are included in the totals, the United States is well above its treaty quotas in destroyers and submarines, but such "over-age" ships as are in excess of treaty tonnage totals must be disposed of before the end of 1936, and since they are of dubious fighting value, they are not generally reckoned in comparing the strengths of the fighting fleets.

Table II gives the figures for 1933 in "under-age" and "over-age" vessels.

comprised practically every class of combatant vessel and have maintained their navies very nearly up to the full treaty strength.

"Moreover, it has been published in the newspapers of Japan that a navy consisting of cruisers, destroyers, and submarines would be built for the State of Manchukuo. Such a navy, of course, would not be subject to treaty limitations. Great Britain has just appropriated \$24,000,000 for new vessels, and Japan has increased not only her navy but also her naval air force.

"Where does that put these various navies now, 10 years after the United States had a navy the equal of any in the world? In under-age, modern ships, Great Britain has 82 percent of her allowance, or 138 ships; Japan has 95 percent of her allowance, or 183 ships, and the once proud United States lags behind with only 102 ships, or 61 percent of her allowance."

Since the Treaty of London expires in 1936 and the contracting parties have agreed to meet in 1935 to frame a new treaty to replace it, the navies of all nations have been looking forward to 1935, and admirals and naval secretaries have been endeavoring to secure sufficient appropriations to build up to treaty strength before that time and thus place their own fleets in favorable positions before further negotiations are started.

THE STATUS IN 1936

In a recent communication to Representative HENRY T. RAINEY, of Illinois, Charles Francis Adams, former Secretary of the Navy, compared the numerical ship strengths of the United States, the British Empire, and Japan in 1936, provided all ships now authorized by the Governments of the three countries are completed, but no others. His comparison is based on the assumption that all signatories to the treaty will dispose of all tonnage above treaty quotas by that time and will complete all ships now authorized which may by the terms of the treaty be completed before that time.

By 1936, according to Mr. Adams' table, this country will have to dispose of many of the old destroyers which are now in excess of our treaty allowance, but will have only 12 new ones to replace them. His statistics, compiled in table III, give a picture of the numerical strength of the three principal navies for 1936.

TABLE III—Estimated strength in 1936

	United States			Britain			Japan		
	Under-age	Over-age	Total	Under-age	Over-age	Total	Under-age	Over-age	Total
Capital ships.....	8	7	15	4	11	15	5	4	9
Carriers.....	3	1	4	6	-----	6	4	-----	4
Cruisers A.....	16	-----	16	15	-----	15	12	-----	12
Cruisers B.....	10	-----	10	17	9	26	18	-----	18
Destroyers.....	12	115	127	56	49	105	70	6	76
Submarines.....	20	33	53	36	7	43	47	-----	47
Total.....	69	156	225	134	76	210	156	10	161

In his letter Mr. Adams emphasized our scarcity of "under-age" ships. "Unless we keep pace with the cosigners of the treaty in providing new ships in advance", he wrote, "American officers and American men must fight in old, less powerful, less reliable, and perhaps even less numerous vessels than their adversaries."

III. The weak spots

The trend of American sea power since 1921 and the relative strength of the fleet today have been told in part by the foregoing statistics and comments. But figures never tell the whole tale and there is much of importance about which the public never hears. It is fairly generally agreed that the Navy has needs, but just what are those needs, and what the defects of the fleet?

Briefly put, the greatest needs of the fleet are new ships to replace our outworn destroyers and submarines and additional carriers and cruisers.

Deterioration has proceeded to such an extent, particularly in the destroyer squadrons, that one third of the fleet's operating time is allotted to material upkeep and overhaul. That is exclusive of the 2 months in every 18 that each ship is scheduled to spend in a navy yard, undergoing docking and major repairs. Seventy million dollars have been spent since 1922 in the modernization of our older battleships, and the annual bills for upkeep and repair of many of our old ships are 1½ to 2 times the annual upkeep cost of modern vessels. The annual repair bill of a new destroyer is about \$25,000; for our old ships it is roughly \$40,000 to \$50,000.

BREAKDOWNS OF MACHINERY

Engineer officers of destroyers have a constant struggle with breakdowns of machinery parts of both minor and major character, and officers and crews have to labor long and hard to keep the ships running. Minor accidents have been caused by failure of worn-out machinery parts, and the frames and plating of many of the destroyers have become dangerously corroded.

One high-ranking officer of the fleet recently declared that our destroyers are so badly outclassed by the more modern ships of other nations that they would be but little better than "man traps" in case of war. Not only are our destroyers outgunned and outspeeded but few of them have sufficient cruising radius to cross the Atlantic without refueling, and none is capable of crossing the Pacific without refueling.

In addition to our deficiency in modern destroyers, our fleet has no destroyer leaders, and the lack of these little flagships is seriously felt, the Navy has declared.

The state of our submarine flotillas is not comparably as serious as that of the destroyers, but many of the older submersibles, which are already "over-age", are obsolescent and are becoming increasingly difficult and expensive to maintain.

The state of the air arm of the United States Fleet is excellent. Our naval air force as a whole is undoubtedly far more advanced in tactics and operations and is far more efficient as a fighting unit than the flying arm of any other fleet. Its mobility and its ability to concentrate a great number of planes at a given point is hampered, however, by our scarcity of carriers. The *Saratoga* and the *Lexington* are serviceable, but they are far too large and expensive for efficient operation, and they are not able to handle planes as expeditiously as is desirable. The *Langley*, an old, experimental ship, with capacity for only 40 planes, is the only other carrier in commission.

THE NEW "RANGER"

The *Ranger*, the 13,800-ton ship now building at Newport News, is the first American vessel to be built as a carrier from the keel up. She will be much smaller than the *Saratoga* and *Lexington*, thus presenting a smaller target to enemy guns, and with 3 elevators from hangar to flying deck, instead of 2, she will be able to handle her planes much more speedily than the larger carriers. Her addition to the fleet will fill a long-felt want, but she only meets part of the flying fleet's requirements. More carriers are still stressed as the greatest need of naval aviation, together with additional planes to man those carriers, planes of longer range and higher speed.

The cruiser problem has to some extent been solved by the recent addition to the fleet of the new 10,000-ton cruisers of the 8-inch-gun type, classed as cruisers A in the tables. These ships, despite their obvious and definite defects of design and construction, are considered highly valuable fighting units. Ten of them are already commissioned; 5 more of the 18 allowed us under the treaty are building; 1 other which cannot be completed according to treaty terms until 1936 has been appropriated for; and 2 others have been authorized and will probably be completed, if appropriations are forthcoming, in 1937 and 1938.

In the cruiser B category, which includes ships with guns of 6.1-inch caliber or less, our deficiency is more evident. Ten of these ships of the *Detroit* class, which were added to the fleet shortly after the Washington Treaty was ratified, are still in service, but we are still well short of the London Treaty quota for cruisers of this type. We have no flying-deck cruisers, and naval authorities, recognizing the increasing importance of the fleet air arm, wish to build 1 or 2 of these ships as soon as possible.

CAPITAL SHIPS

There is already agitation for battleship planning, although no capital-ship keels can be laid down before 1937. It has been suggested that designs be prepared for new battleships to replace such vessels as the *New York* and *Texas*, which, though modernized, are well outranged by the battleships of other powers. There is also demand on the part of many naval officers for higher capital-ship speed; none of our battleships is as fast as many of the foreign capital ships. Even the *West Virginia*, *Colorado*, and *Maryland*, the newest and most powerful battleships in our Navy, were criticized recently in Brassey's Naval Annual for what was described as their slow speed, deficient gun power, and inadequate armor protection.

Certain naval officers believe that some of our allowable capital-ship tonnage should be put into battle cruisers when the time comes for replacement building. This country has no battle cruisers; Great Britain has 3 and Japan 3.

All together, as compared with our treaty allowances, we are, or soon will be, short in "under-age" vessels 3 to 4 aircraft carriers (depending on size), totaling 55,200 tons; 7 cruisers, totaling 73,000 tons; 89 destroyers, totaling 133,500 tons; and about 20 submarines, totaling 25,630 tons. Two of the 8-inch-gun cruisers, though authorized, have not been appropriated for, so that the Navy needs about 121 ships of all types, totaling almost 300,000 tons, if it is to reach treaty strength.

OTHER ASPECTS

The question of readiness for war has more aspects, however, than merely that of up-to-date equipment. Our fleet today is ill prepared for a possible conflict, naval officers say, not only because of its numerical weakness and the obsolescence of many of its units, but because many of the ships are not in full commission, and most of them are undermanned.

We actually operate only 101 of the 251 destroyers we possess, and only 72 of those are in full commission—that is, ready for action immediately; 19 of the 101 are in the "rotating reserve" status devised by Admiral W. V. Pratt, retiring Chief of Naval Operations, and 10 others are in reduced commission; 42 of our 82 submarines are in full-operating commission. All of our aircraft carriers and cruisers are in full commission, but 3 of our 15 battleships are undergoing complete modernization which will require from 6 to 18 months to complete; and another, the *Arkansas*, is in use as a training ship in reduced commission.

All of the vessels, except submarines, are operating with about 85 percent of the enlisted complement that would be required in time of war.

IV. Proposed remedies

To the end of bringing the Navy up to treaty strength several bills were introduced in the last Congress. One, of which Representative VINSON of Georgia was the author, was primarily a replacement measure—a bill designed to replace our outworn ships and to add new ships in categories in which we are under treaty quotas over a period of years. It called for the construction of 120 ships at a total cost of \$616,000,000, to be laid down progres-

sively and gradually over a 10-year period. Its schedule provided about \$18,000,000 for construction in 1933, increasing to a peak cost of about \$90,000,000 in 1937.

LONG-TERM PROGRAM URGED

This bill would not have brought the fleet to parity by 1936, but the possibility of achieving this has been abandoned as not only chimerical but undesirable, because of the "lump" construction it would necessitate; and a long-term, reasoned, progressive building and replacement program providing for the gradual building up of the fleet and for replacements to keep it modern and up-to-date is favored by naval students in Congress.

The Hale bill, which passed the Senate at the last session, was in the form of a general authorization for the building of the Navy up to treaty strength.

A more recent measure, which has the approval of a number of administration supporters in Congress, including Representative VINSON, has attracted a great deal of comment. It calls for a construction program of 20 destroyers, 5 light cruisers, 4 submarines, and 1 aircraft carrier, at a cost of \$230,000,000, to be spread over a 3-year period.

A PART-WAY MEASURE

This program, though a step toward parity, provides for only one third of the number of new ships that will be needed by 1936 to achieve such parity. It is clearly a concession on the part of "big Navy" supporters to the economic conditions of the country, even though the bill bears the ostensible label of unemployment relief. It does, however, represent a partial answer to the Navy's most pressing need—new ships—and, if enacted, it will undoubtedly be followed eventually by other legislation designed to bring the fleet to practical, rather than theoretical, parity.

Naval officers feel that immediate action on a replacement program of some sort is necessary. Vice Admiral W. H. Standley, who is mentioned as the probable Chief of Naval Operations to succeed Admiral Pratt, retiring, summed up the Navy's viewpoint succinctly when he said: "The greatest need of the American Navy today is a replacement program for the ships we have, and I don't mean a building program; I mean a replacement program. As Admiral Hugh Rodman used to say: 'Trying to operate a fleet which we do not keep up to date is about as useless as entering a jackass in the Kentucky Derby.'"

GOVERNMENT FINANCE

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD an editorial by Lawrence Sullivan bearing upon the subject of Government finance.

Without objection, the editorial was ordered to be printed in the RECORD, as follows:

PAPER SAVINGS

By Lawrence Sullivan

Hasty and quite informal calculations in the Bureau of the Budget have provided material this week for dangerously misleading reports to the effect that something more than \$1,000,000,000 has been slashed from the Federal spending program for the fiscal year 1934, which begins next July 1. The figure is alluring in the headlines, but upon analysis the "economies" take place beside that invincible paper Navy which, a few years back, gave the United States undisputed hypothetical supremacy on the high seas.

Among savings tabulated in the \$1,000,000,000 economy chart to date is an item of \$250,000,000 to be realized in departmental reorganization. Thus far the only reorganization consummated is in the farm-credit agencies. Here the consolidation has been achieved by the President's Executive order. But as yet there has been no actual reduction in administrative expenses. On the contrary, new subordinates have been added to Director Morgenthau's staff. Operating expenses of this branch of the Government today are greater, not less, than 6 weeks ago.

Another item in the Budget Bureau's calculations contemplates combined reductions of \$190,000,000 in Army and Navy expenditures next year. In the Navy \$45,000,000 of this "economy" is mere bookkeeping, to be realized by transferring outlays for additions to the fleet from the current budget to a new sort of capital investment account. In the Army another \$54,000,000 authorized for river and harbor works is "saved" by the same process, to be transferred later to the new public-works budget. After deducting these two items of pea-under-the-thimble bookkeeping, the net Army and Navy economies come to \$101,000,000—not one dollar of which has been actually realized by statute or Executive proclamation.

Similarly, the post-office reductions are tabulated at \$75,000,000, but only \$30,000,000 of this amount has been realized.

Actual reductions in expenditures thus far ordered are about \$400,000,000 a year in veteran awards, to begin July 1, and \$100,000,000 in Federal salaries.

Against these total savings of \$500,000,000, however, there rests the State-aid relief program, which calls for the same amount; the vast administrative machinery called for in the farm-commodity bill, the undeterminable charge against the Budget which is contemplated in the farm-mortgage bill to guarantee interest, and the unknown levy to be fixed against the Budget by the urban mortgage guaranty.

Plans have been launched which may require eventually as much as \$8,000,000,000 in new Government credits, or Government-guaranteed securities.

It is impossible, of course, at this phase of the legislative program to calculate the net results for 1934 in anything but approximate round numbers. But even these figures serve well to present the entire picture of the Federal fiscal phantasmagoria today.

The final Budget estimates for 1934, submitted to Congress last December, showed a net deficit of \$307,000,000, which, added to the \$534,000,000 for statutory debt retirement, produced a red-ink "balance" against the Treasury aggregating \$841,000,000 for the year. Last week President Roosevelt said that the December estimates of income taxes must be reduced by 20 percent. This increases the basic deficit for 1934 by approximately \$200,000,000. The continued decline in postal revenues will further increase this prospective deficit by something like \$50,000,000. Another \$60,000,000 must be added to take account of appropriations enacted in the last session of Congress which were over and above the Budget. On this basis the primary deficit for 1934 stands at \$1,151,000,000.

This deficit now must be further increased by estimated new charges as follows:

Increased interest.....	\$50,000,000
Relief.....	200,000,000
Farm bill, if enacted.....	100,000,000
Total.....	350,000,000

These additions bring the basic deficit for 1934 to \$1,501,000,000.

Partial offsets against this deficiency of revenues are:

Veterans' cuts.....	\$450,000,000
Pay cut.....	100,000,000
Beer tax.....	125,000,000
Gasoline tax.....	137,000,000
Total.....	812,000,000

After deducting all the economies actually realized to date, and after adding all the new revenues hoped for, the final deficit for 1934 stands as of today at \$689,000,000—if no additional expenditures are sought for the railroad program, Muscle Shoals and other extensive projects which are to come up in Congress next week.

As of June 30, 1934, therefore, Uncle Sam's deficit ledger will stand:

1931.....	\$902,716,845
1932.....	2,885,362,299
1933.....	1,146,000,000
1934.....	689,000,000
Total.....	5,623,079,144

This steadily accumulating and still expanding excess of Federal outlay over Federal revenues explains completely why the United States, the most energetic and resourceful and the most richly blessed Nation on the face of the earth, is writhing today in the first agonies of an inflation orgy.

Obscure methods in accounting and inspired headlines in the newspapers will not hide the ultimate facts about the Federal finances.

No nation in modern history has experienced four successive budgetary deficits without heading for inflation.

No nation in all the history of the world ever has squandered itself out of a depression.

Soon or late the Government's Budget must be balanced.

Then, not before, recovery may begin.

RELIEF OF AGRICULTURE

The Senate resumed the consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. THOMAS of Oklahoma. Mr. President, the issue pending before the Senate is embodied in an amendment offered to House bill 3835, a measure proposing to relieve the existing economic emergency by increasing agricultural purchasing power.

This amendment has for its purpose the bringing down or cheapening of the dollar, that being necessary in order to raise agricultural and commodity prices. This amendment having been completed in the main on Saturday, I have offered it to the pending bill, to be known as part 6, and to come at the end of the original bill.

The amendment as now pending before the Senate contains about four specific and definite propositions. The first part of the amendment has to do with conditions precedent to action being taken later. The second part of the amendment, if enacted into law, will provide that the Federal Reserve Board may initiate an open-market policy of buying outstanding Government bonds, paying for such bonds the total sum of \$3,000,000,000 in the form of Federal Reserve notes. The second proposition, if enacted into law, will provide, if the first \$3,000,000,000 are not sufficient to cheapen

the dollar and to increase commodity prices, that then the Treasury shall have the power to issue a second \$3,000,000,000 of Treasury notes for the purpose of meeting maturing Federal obligations and purchasing outstanding interest-bearing obligations of the Government, to the end that \$3,000,000,000 more may be placed in circulation.

The third proposition provides that, if it is found necessary, the President, after investigation, may proceed to exercise the power conferred by the bill by reducing the gold content of the dollar.

The fourth proposition as now embodied in the amendment provides that the President, within his discretion, may accept the sum of \$100,000,000 in silver at a price not exceeding 50 cents per ounce in payment of the interest due or principal owed us by foreign nations.

Mr. President, the amendment, in my judgment, is the most important proposition that has ever come before the American Congress. It is the most important proposition that has ever come before any parliamentary body of any nation of the world. Saving the single issue of the World War, there has been no issue joined in 6,000 years of recorded history as important as this issue pending here today.

Mr. President, it will be my task to show that if the amendment shall prevail it has potentialities as follows: It may transfer from one class to another class in these United States value to the extent of almost \$200,000,000,000. This value will be transferred, first, from those who own the bank deposits. Secondly, this value will be transferred from those who own bonds and fixed investments.

I want to make that statement clear. No issue in 6,000 years save the World War begins to compare with the possibilities embraced in the power conferred by this amendment. Two hundred billion dollars now of wealth and buying power rests in the hands of those who own the bank deposits and fixed investments, bonds, and mortgages. That \$200,000,000,000 these owners did not earn, they did not buy it, but they have it, and because they have it the masses of the people of this Republic are on the verge of starvation—17,000,000 on charity, in the bread lines.

If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that \$200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation.

Mr. President, why is it necessary to consider here on this April day a proposal of so vast importance to the people of the Nation? It is not only national today, it is international, it is world-wide, and the remedy that is proposed in this amendment today is becoming the basis of relief for some of the other nations of the world.

Mr. President, for 12 or 13 years a policy of deflation, placed in force in 1920-21, has been pursued and through that policy of deflation we have seen liquidation, we have seen bank failures, we have seen hoarding of money, both credits, bank deposits, and actual money, until today there is not enough money in circulation of all kinds and character, credits and bank deposits and actual currency, with which to transact the business of the Republic. That is the proposition upon which I stand today on the floor of the Senate.

Mr. ADAMS. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. THOMAS of Oklahoma. During the progress of my discussion I shall be glad to yield for any question or suggestion. I am glad to yield to the Senator from Colorado.

Mr. ADAMS. I wondered if I had heard accurately the Senator's statement that no bank deposits were earned.

Mr. THOMAS of Oklahoma. I did not intend to go that far.

Mr. ADAMS. I understood the Senator to say there is \$200,000,000,000 that would be involved, and among the items affected are bank deposits which were not earned.

Mr. THOMAS of Oklahoma. I shall come to that in a moment. When I come to it the Senator will see the bank deposits on the one side neutralize the debts due the bank on the other, so they go out of the equation. I will come to that later in my discussion. I shall be glad to answer any questions if I can, and to have any Senator make suggestions if anyone so desires.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. Do I understand the Senator correctly when I heard him say that the purpose of his amendment is to transfer \$200,000,000,000 of wealth from the creditor class in America to the debtor class? Is that correct?

Mr. THOMAS of Oklahoma. Unless that is done, the debtor class will not have done to them substantial justice, as I shall show before I conclude.

Mr. REED. And that is the motive and purpose of the Senator's amendment?

Mr. THOMAS of Oklahoma. No; I beg the pardon of the Senator from Pennsylvania. My purpose is to add another plan to raise the commodity prices of the farmers of America and of the producers of raw material so they can live.

Mr. REED. I understood the Senator to say the purpose of his amendment is to transfer \$200,000,000,000 of wealth, which had not been earned by its owners, to the debtor class in America, and therefore it is the most important matter that had come up in 6,000 years. Did I hear the Senator incorrectly?

Mr. THOMAS of Oklahoma. I made the statement that it might have that possibility; but if that is done, it will not then have done fair and equal justice to the people of these United States. If the Senator will remain and listen to me, I shall be able to show him. This appeal is directed largely to the Senator from the State of Pennsylvania. He stands in this body unique, not all that is left of a regime that is now history but the outstanding spokesman of that regime. He is the leader here today, Mr. President, the full general in behalf of that battled army, vanquished last November and disbanded on the 4th of March.

Mr. President, I come now to the details. In 1930 we had about \$100,000 less than \$60,000,000,000 in the banks of the United States. I welcome challenges to any statement I make. I have the data. When the depression started, the banks of America—28,000 of them then—had on deposit a little less than \$60,000,000,000. How much have they today? Twenty-eight thousand banks have dwindled to a bare 15,000 banks. Sixty billion dollars of deposits have dwindled to scarcely \$30,000,000,000 of deposits. What has become of that \$30,000,000,000 in the banks of the Nation less than 3 years ago? I pause for reply.

Mr. President, the money is gone. It does not today exist. Thirty billions of money that we had only 3 years ago has ceased today to exist. It has evaporated. It has vanished.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. How much money does the Senator estimate is tied up in the banks in the form of frozen deposits?

Mr. THOMAS of Oklahoma. It is practically all tied up in the way of frozen deposits. I will come to that later. We now have about \$14,000,000,000 of deposits in the remaining open banks of the United States which are free, which can be checked upon at this moment. There is about \$18,000,000,000 in banks in time deposits which can be had very readily, but not immediately. So, from \$60,000,000,000 of money in the banks 3 years ago, we have today scarcely 30 billions of money in the banks. Yet we are told there is plenty of money; that the trouble in the country today is not because we have not the money but because the money is not circulated.

Mr. President, during the past 3 years, because of the scarcity of money and because of deflation, a policy of

liquidation has been pursued. Borrowers in the banks were called upon to pay their loans. They had to pay if they could, and when they paid their loans oftentimes that much credit was destroyed. The books are balanced, and the items are wiped from the deposit list. That is the first way the deposits went down.

The second way the deposits went down in the past 3 years is as follows: We have had about 10,000 bank failures, liquidations, and consolidations. When a bank fails, oftentimes the loss is severe, so that through liquidation, the payment of loans to banks, and the cancelation of credits through failed banks and the loss of the money, we have lost that gigantic sum.

Here is the result. I quote from the annual report of the Comptroller of the Currency of date December 5, 1932. If anyone challenges my statement that we had approximately sixty billions of money on deposit in the banks less than 3 years ago, I have the report here. Here is the report of what it was the 1st day of last June. The total money on deposit on the 30th day of last June was \$45,390,209,000.

Mr. President, there is a loss of \$15,000,000,000 in bank deposits since 1929 and 1930. Where has that money gone? It is not in the banks. It could not be hoarded, because 2 or 3 years ago there was only \$4,000,000,000 of money in circulation, real money—gold, silver, and paper. This money never existed except in confidence and credit. It was the kind of money that was created when an old farmer would go down to his bank and say, "Mr. Banker, I need a thousand dollars." In former times the banker would say, "Yes, Mr. A; glad to accommodate you", and hand him out a note, which the farmer would sign, for \$1,000, due in 30, 60, or 90 days. The banker took the farmer's note, entered on the passbook the date and the amount, and the transaction was complete. Under the law the farmer has the right, along with others, to convert his property, his collateral, his good name into deposit money; and when that transaction was completed on that day in that bank, \$1,000 of credit money, deposit money, was placed in the bank where the transaction was had; and when night came, and the books were balanced, the bank showed a thousand dollars more in deposits than it had that morning.

Did the farmer put a single dollar in that bank—a single copper penny? No; but the bank's books showed a thousand dollars more of deposits in that bank that night than they showed that morning when the books were opened.

Mr. President, until the 30th day of last June, according to this report, the bank deposits decreased from 60 billions to 45 billions; but that is not all the decrease. From last June until the bank holiday they decreased still further; and we have the information—not official—that when the bank holiday came on the 4th day of March, or thereabouts, the bank deposits had fallen from 45 billions down to 40 billions. In 6 months' time we lost \$5,000,000,000 more of money through liquidation and through the failure of banks.

But that is not all. When the bank holiday came and was over, 5,000 banks failed to open, and those 5,000 banks, it is estimated, had \$5,000,000,000 more of its credit money, deposit money, on their books. When those banks failed to open \$5,000,000,000 more of the money of the country was, for the time being at least, destroyed and canceled.

Take the \$5,000,000,000 of losses from the 30th day of June until the banking holiday from \$45,000,000,000, and that leaves \$40,000,000,000. Subtract from the \$40,000,000,000 the \$5,000,000,000 that is in the closed banks today, in the hands of conservators or in banks not open, and that brings you down to \$35,000,000,000 on deposit in the banks.

But perhaps that is not all. Much of this money is in hoarding. We have a very large sum of money in circulation; that is true; but there has not been a day in the past 10 or 12 years, until this emergency came, when all the banks of the Nation had in their vaults at one time the sum of \$1,000,000,000 of real money—of gold, of gold certificates, of silver, of silver certificates, of Federal Reserve notes, of Federal Reserve bank notes, of Treasury notes, of Treasury notes of 1900, any kind of money. There was not a single night in 10 or 12 years, even when we had 31,000

banks open, when the banks all together on any one night had in their vaults the sum of a single billion dollars, even though they had on their books in deposits the sum of \$60,000,000,000.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I wonder if the Senator has contemplated what would happen if the situation I present were to come to pass: Suppose we pass the inflation measure and put it into effect. Suppose, as a consequence, stock, bond, and commodity prices advance. Now, suppose at the world conference we agree with France and England and other nations to stabilize the dollar. In the meantime we have driven up commodity and stock and bond prices to a point higher than their present level.

When we agree with France and with England to stabilize our money, if we do, then the reverse process will occur. In other words, the dollar then will decrease in value, and commodities will decrease, and we will have to a lesser extent, perhaps, gone back over the history from 1918 to 1929, namely, of driving values up higher than where they deserved to be, and then deflating. Now we are driving them up again; and if we effect these treaties stabilizing international currencies, then we will deflate again and will have the patient perhaps in the position of one who has had pneumonia and gotten up too quickly and had a relapse and gone back to bed again.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. Would not that depend upon the basis upon which we stabilized the currency?

Mr. TYDINGS. Yes; to some extent it would; but I assume that the Senator from Oklahoma is predicating his remarks on the theory that our currency will be greatly inflated. If it is a small inflation, then the amount of good will not be as great as he pictures. If it is a large inflation, then the amount of deflation must correspondingly be large when monetary stocks are revalued.

If the Senator will permit me just a minute more—because he probably will take up this subject in his discussion, and I am asking simply for information—there is some talk in the press this morning of France's further devaluing her money stocks. She has about three and a half billion dollars' worth of gold. Her franc is now stabilized at about 4 cents instead of 20. England is also contemplating, so we learn, a further debasement of the pound. If that is the case, then, if we do inflate, must we inflate still more as each one of these other monetary stocks starts the spiral? And, if so, where is the end?

Mr. THOMAS of Oklahoma. Mr. President, I shall not be drawn into a discussion of what France may do, or even what Great Britain may do. Neither will I speculate upon the farmers of the country getting too much for their wheat or their corn or their cotton. Until they approximate the cost of production, I shall not in any sense become alarmed; but as I proceed the Senator may gather an answer, in a general way, from my remarks.

I have just stated that we now have on deposit around \$30,000,000,000 in the remaining open banks of this Nation. Those \$30,000,000,000 of deposits are divided into two classes: First, into demand deposits, and, second, into time deposits; demand deposits being those against which the owner can write his check from day to day; time deposits being those placed in the bank upon contract to remain for a specified time, but to be withdrawn upon a certain amount of notice.

On the last day of June 1932 the 45 billions then on deposit were divided as follows: There were \$16,000,000,000 in demand deposits, and there were \$24,000,000,000 in time deposits; but from the 30th of June until the banking holiday we lost 5 billions. If the amount of demand deposits went down in the same proportion as the amount

of time deposits, then at the end of the bank holiday we had some \$13,000,000,000 in demand deposits and \$21,000,000,000 in time deposits. But when the bank holiday was over, 5,000 banks did not open, so there were approximately \$5,000,000,000 more of money that was not available. Take the same proportion and take \$2,000,000,000 more from 13 billions, and it leaves \$11,000,000,000 of demand deposits in the country today to transact the business of the Nation. It leaves, if we take the same proportion from time deposits, 18 billions of time deposits that the people could get if they wanted the money—and perhaps they will—but it is not subject to check. Add the 18 and 11, and it gives us \$29,000,000,000 as the total amount of money in all the open banks of the Nation today with which to transact the business of the Nation, one half of the money we had only 3 years ago.

If we did not have too much money then, we certainly have too little money now, because the supply and the quantity and the amount we had 3 years ago are lessened today by approximately one half. That is the reason, Mr. President, why I have occupied so much of the time of the Senate in trying to call these facts to the attention of the Senate, and thereby to the attention of the country.

Now, Mr. President, let me come to the phase of this discussion suggested by the senior Senator from Pennsylvania [Mr. REED].

I made the statement a while ago that this amendment can take 200 billions of wealth from those who did not earn it and did not buy it and transfer it to the other side of the ledger—to the farmers who have lost it, to the real-estate owners who have lost it, to the unemployed, the city dwellers who have lost it—and yet substantial justice will not have been done to that debtor class.

I exhibit before you statistics prepared by the Bureau of Labor Statistics of the Department of Labor, and I exhibit a sheet entitled "Purchasing Power of the Dollar Expressed in Terms of Wholesale Prices."

In 1926 this table of wholesale prices gave the dollar the value of 100 cents; and I start from that base.

Today the dollar has risen in buying power until it not only has buying power to the extent of 100 cents, but of 200 cents; but that is not all. In February of this year the dollar, measured by farm commodities, was worth \$2.44½. In other words, Mr. President, the farmer in Oklahoma, the farmer in South Carolina, the farmer in Nebraska, the farmer in Vermont or Connecticut, the farmer anywhere in America, today must produce and sell upon the market \$2.44½ worth of his labor, his time, his sweat, his products, to get a dollar. So far as the farmer is concerned, every dollar that he has is worth \$2.44½.

My statement made a moment ago, that if we should transfer 200 billions of wealth from the class who hold fixed investments to the farmer class, to the unemployed class, to the real-estate class, to the debtor class, we still would not do substantial and exact justice, is accurate because my figures were based upon halving the dollar in buying power today. Cut the dollar in two; take from the dollar \$1.22¼, and you leave in the dollar \$1.22¼, and still the farmer of America would have to toil and sweat and produce value to the extent of \$1.22¼ to get every dollar that he must have to pay his taxes, and to pay his interest, and to pay his debts, and to keep the sheriff from his door.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. If the Senator has there a list of the farm commodities upon which these figures are based, I think it would be enlightening if he would put them in the Record at this point.

Mr. THOMAS of Oklahoma. This exhibit states that these data were prepared from a series of products embracing 784 commodities. Those are not all farm commodities. The farm commodities were taken as generally as the Depart-

ment could gather them, and the general average was taken and the farm values based upon that wide selection of farm commodities selected and the average taken.

In order to go through the list and to be fair, I want to place this in the Record:

The dollar hangs most heavily upon the farming class, because the farmer has to work and produce goods to sell for \$2.44½ in order to get a dollar. Those who produce food, and food alone, must produce value to the extent of \$1.86¾ in order to get a dollar. Those who produce hides and leather products must produce \$1.47 worth of commodities to get a dollar.

Textile products: Those who are engaged in the production of those commodities must produce value to the extent of \$1.95 plus in order to get a dollar.

Fuel and lighting: Those who are engaged in that industry must produce \$1.57 plus in order to get a dollar.

Metals and metal products: Those who are engaged in mining must produce value to the extent of \$1.29 plus in order to get a dollar.

Building material: Those who are engaged in the growing of lumber, the processing of lumber, and the handling of lumber must produce wealth to the extent of \$1.43 in order to get a dollar.

Chemicals and drugs: Those who are engaged in that industry must produce value to the extent of \$1.40 plus in order to get a dollar.

House-furnishing goods: Those who are engaged in that industry must produce value to the extent of \$1.38 in order to get a dollar.

Miscellaneous: Those who are engaged in the production of general miscellaneous articles must produce value to the extent of \$1.68 plus in order to get a dollar.

Taking all the industries of the United States, including farm products, based on 784 commodities, the dollar, on an average, is worth \$1.67 plus. In other words, there is a favored class, consisting of those who hold fixed investments in the form of bonds, in the form of notes, any class of fixed investment, even though it be a salary—although we have learned recently that salaries are not fixed investments, and that wages are not fixed investments, and if this process keeps on, as it has been going, accentuated in the last 3 years, and further accentuated in the last 2 months, wages will have been depleted and there will be nothing left; salaries will have been depleted and there will be nothing left. Members of Congress will be lucky in the next 12 months to receive salaries of \$5,000 per annum.

Mr. President, my statement a moment ago, based upon the present value of the dollar, was only taking one half of the dollar, taking \$1.22¼ from the dollar, leaving the dollar worth \$1.22¼, and the farmers still have to pay that much to get a dollar. But based upon that analysis, this amendment, if it only goes to that extent, will have the potentiality of transferring wealth now in the hands of one class, which did not earn it, did not buy it, does not deserve it, to the class which lost it, and which must have it back if this Nation is to survive.

While the purpose of the amendment is to raise commodity prices, let me state what will happen under it. I do not say to what extent; I will not be administrator of the power conferred by the amendment. It is possible that nothing might be done under the amendment, but I have a conviction and confidence that something will happen under it.

The dollar will be cheapened, its buying power will be reduced, and, to the extent that the dollar is brought down in buying power, to the extent that its value is taken out, to that same extent will commodity prices rise. Wheat will go up in value, corn will go up in value, cotton will go up in value, every commodity of the field and the farm and the ranch and the lumberyard and the mine will share in the general prosperity. Yet the distinguished Senator from Pennsylvania, leading the remnants of a vanquished army upon this floor, protests against the cheapening of the dollar a single penny.

Mr. President, in the past 2 or 3 years the demand deposits in the banks have decreased almost \$10,000,000,000. In the past 3 years wages of the laboring people of the country have decreased approximately \$10,000,000,000 more. In the past 3 years the national income has fallen from \$90,000,000,000 down to thirty-odd billion. Fifty billions of wealth created during a 3-year period in former times has been lost; during the past 3 years that much has been lost each year. Yet the Senator from Pennsylvania wants to continue the downward trend, apparently, to keep this loss a loss upon the people of the United States, to keep this loss to the wage earners of the Nation, to keep these deposits down, and not revive the deposits either in currency or in the credit of the Nation.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. CONNALLY. The Senator says that 50 billion of wealth was lost. Is he not inaccurate in that? Is it not true that there is just as much wealth in the United States as there ever was, but that, through the enhancement of the value of the dollar, that wealth has been transferred to other people, liquidated, squeezed out, handed over to other people?

Mr. THOMAS of Oklahoma. The Senator is exactly right, but his statement covers two propositions. The Senator is exactly right in his statement, but I made the statement that in the past year we have lost \$50,000,000,000 of buying power through the loss of national income. That buying power is America's real wealth. The Nation and its people have lost \$50,000,000,000. Because they have not made as much money, have not collected as much money this year as they did last, they have lost \$50,000,000,000 in buying power, whether or not we call it wealth. It might not have been wealth, but at least it serves the purpose of securing the thing which wealth sometimes secures.

Mr. President, the record shows that there are today about \$12,000,000,000 on deposit in the open banks of the Nation, and only about \$12,000,000,000. Even those \$12,000,000,000 are based upon assets which are not liquid. Banks cannot collect the notes which are due the banks. Every time there is a dollar in a bank on deposit there are two debts involved. There is the debt, first, which the bank owes the owner of the deposit. That is debt no. 1. Then there is debt no. 2. Someone owes the bank that dollar which the bank must have to pay its depositor. So these twelve billions of bank deposits are based upon a compound debt—first, debts the banks owe the depositors, and which the banks cannot pay. Less than 2 months ago that statement was justified. Last winter, only a few months ago, I heard the statement on this floor that the banks were full of money, and that what we needed was not to have more money in the banks but to have something else. Let me ask those who say that the banks were full of money, why every bank in the Nation closed less than 2 short months ago?

Mr. President, the total bank deposits have diminished from \$60,000,000,000 to possibly \$30,000,000,000. The demand deposits have decreased from \$24,000,000,000 to approximately \$12,000,000,000. I claim now that that is not enough money with which to transact the business of the greatest, the richest, the strongest, and the most influential nation of the earth.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. At that point, has the Senator the figures as to what the bank checks were along about 1928, as compared with today? Have they not fallen something like 65 or 70 percent?

Mr. THOMAS of Oklahoma. They have fallen approximately 60 percent. I have the statement of those who should know to the effect that at the peak of prosperity, in 1928 and 1929, the total circulation of bank-deposit money annually amounted to about twelve hundred billion dollars. Now it is down to about \$500,000,000,000. In other words, the people of the Nation, because of frozen assets, because of a decreased amount of money in circulation, because of a diminishing amount of money in the bank, have lost in 3

years in the circulation of bank checks the difference between \$500,000,000,000 and \$1,200,000,000,000. Yet some wonder why we are having trouble in the United States and say that if we could only have a return of confidence things would be lovely.

Mr. President, I have tried to state upon this floor hour after hour that we could not make any progress with any matter satisfactorily until we took up and adjusted the money question. That opinion seems to prevail very largely today not only in the United States but throughout the world.

I made the statement a moment ago that this deflation, started in 1920 and 1921, has been going on all these years. It hit the farmer first, it hit the stockman second, it hit the small merchant third, it hit the little bank, and then the wholesale houses, and then it hit the factories, then the railroads, and at last it struck the Nation.

Mr. President, it has been stated upon this floor time and time again that this catastrophe did not have to happen. Who brought about this terrific cyclone and tornado and hurricane? There is one branch of our Government specially charged with the duty of handling money, created for that purpose. I refer to the Federal Reserve Board. Perhaps Senators might be startled if I were to tell them that since the 9th day of March, a little more than 30 days ago, the Federal Reserve Board, acting for a Nation that is ill, has canceled credits in the banks to the extent of \$1,154,000,000. Since the 9th day of March, scarcely a month ago, the Federal Reserve Board, presuming to act for the people of the United States, has taken from circulation and canceled money to the amount of \$1,470,000,000.

Think of it, Mr. President; with only \$12,000,000,000 in the banks subject to check; much of the actual money being in hoarding, not subject to use, the Board which handles the finances of the United States and the money of the United States in the past month has withdrawn from circulation a billion and a half dollars, and for the time being has canceled that money.

I hold in my hand a tabulation of the Federal Reserve Board itself showing the progressive deflation from week to week, and in order that the record may be clear, I will place these figures in the RECORD.

On March 9, 1933, the total Reserve bank credits amounted to the sum of \$3,644,000,000. There was money in circulation, partly in the banks, partly in hoarding, partly in the tills of the country, partly in the safe-deposit boxes, partly in the packets of the people, partly in foreign lands, in the total sum on March 9 of \$7,538,000,000.

What happened? Within the next 7 days following the 9th of March 1933, this is what the agent of the Congress did, and I so describe it because section 8 of article I of the Constitution provides that the Congress shall coin money and regulate its value, and its value can only be regulated through keeping money in circulation, or raising or decreasing the gold content of the dollar. What did our agent do in the next 7 days following the 9th of March? It canceled \$119,000,000 worth of bank credit. It took from circulation the sum of \$269,000,000.

In the next 7 days our agent canceled bank credits to the extent of \$638,000,000 and took from circulation the sum of \$661,000,000.

In the next 7 days our agent canceled bank credits to the extent of \$199,000,000, and during the same 7 days, ending on March 30, it took from circulation the sum of \$255,000,000.

In the next 7 days your agents, Mr. President, and my agents canceled bank credits in the sum of \$114,000,000 and took from circulation the sum of \$92,000,000. In the next 7 days the Federal Reserve Board canceled bank credits in the sum of \$46,000,000 and took from circulation the sum of \$114,000,000. And on last Thursday, at 4 o'clock, when the last statement was issued for the preceding 7 days—that is the last report I have—your agents, Mr. President, and the agents of the Congress took from circulation the sum of \$79,000,000 and canceled bank credits to the extent of \$38,000,000. These sums, when added, make a cancellation of bank credits aggregating \$1,154,000,000 and a cancellation of

money in circulation in the total sum of \$1,470,000,000. Yet the Senator from Pennsylvania is apparently satisfied with this very accentuated policy of deflation.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. I think it would enlighten the Senate and add to the value of the discussion if the Senator would tell the Senate just how the Federal Reserve banks did what he has described.

Mr. THOMAS of Oklahoma. During the past year the Federal Reserve banks went into the open market and bought almost \$2,000,000,000 worth of Government bonds and paid for those bonds with Federal Reserve notes. From time to time the Federal Reserve Board, acting through the Federal Reserve banks, goes on the open market; it comes to Washington and takes up Treasury bills offered for sale by the Treasury from week to week and month to month, so that the Federal Reserve banks have this vast amount of bonds, almost \$2,000,000,000 worth, and in addition all this vast sum of Treasury bills, short-term obligations.

Mr. REED. Mr. President, my attention was distracted, and I did not hear the concluding figures on the date the Senator mentioned as to the amount of currency outstanding. Will he repeat the figures for my benefit?

Mr. THOMAS of Oklahoma. On the 20th day of April, last Thursday, at 4 o'clock, the amount of money in circulation was \$6,068,000,000.

Mr. REED. I thank the Senator.

Mr. THOMAS of Oklahoma. Answering the Senator from Nebraska, the Federal Reserve Board has this vast sum in bonds on hand, for which it paid Federal Reserve notes of the Federal Reserve System, and through the Federal Reserve banks it has a vast sum of short-term obligations on hand, for which it paid either credit or in effect money.

Now, here is what happened: According to the statement of March 16, the Federal Reserve Board sold \$182,000,000 worth of its bills. That money was in circulation, but the Federal Reserve Board did not want it to remain in circulation. So they put out a sponge and absorbed the money, drew it back, by selling their bills and requiring the purchaser to pay for them in the coin of the realm; and when they sold bills to the amount of a million dollars they withdrew and extracted from circulation the sum of \$1,000,000 in currency.

They sold again in that same week \$14,000,000 worth of such bills. That week they sold only \$1,000,000 worth of their bonds. That was a start. The next week the Federal Reserve System put out this sponge again and sold bills, requiring the purchasers to pay currency, gold or silver or what not—actual money. That week they sold \$561,000,000 of their holdings. They must have had a big sponge that week or they must have placed their sponge all over the United States, because in 1 week's time they disposed of their holdings of bills held in the sum of over half a billion dollars, and at one fell swoop they withdrew from circulation \$561,000,000. That same week they withdrew \$51,000,000 more; for that same week they sold \$16,000,000 of Government bonds. They bought all the bills they could; and then they began to sell their bonds, because they could not get the currency in quite fast enough by selling just the bills alone.

The next week the Federal Reserve Board sold \$126,000,000 worth of bills, and again \$42,000,000 of bills; and in that week they also sold \$26,000,000 of Government bonds which they had bought last year. When they sell these issues they take that much money from circulation. During the next week the Federal Reserve Board sold \$109,000,000 worth of their bills and \$24,000,000 more of their bills, but that week they only sold one million of their holdings of United States bonds. The next week, the week ending April 15, the Federal Reserve banks only sold \$8,000,000 of their bills of one issue. Then they sold \$39,000,000 more, but that week they did not sell any securities. I would not be surprised, how-

ever, if along about that time a most responsible member of the Federal Reserve Board who had been pursuing this policy got information from some source that his policy was not in harmony with the intent and purpose of the present administration. About that time I heard that he was considering resigning. Whether or not he has resigned, I do not know; but evidently the Board has been checked in its ruthless policy of taking money from circulation.

Last week—that is, for the week ending April 20—the Board sold \$14,000,000 worth of bills, and again \$39,000,000 worth of bills; but they sold no Government obligations that week. That explains the method by which the Federal Reserve Board, acting through the several Federal Reserve banks, can take money from circulation.

They can put money in circulation, as they did last year, by buying Government bonds and bills and paying for those bonds and bills with Federal Reserve notes. They did that last year to the extent of about a hundred million dollars per week; they bought about \$1,200,000,000 worth of Government bonds. But the banks, or those who owned the banks, held these bonds, and as soon as the Federal Reserve System bought the bonds and paid money to the banks, or to those who owned the banks, the banks owing the Federal Reserve System, not being able to loan money—because there are no securities which are making money—the banks, to save interest to the Federal Reserve System, sent the money back and paid their obligations. To that policy I agree, for there has been no property in the past 12 months until recently on which a bank dared to loan money. They will loan on Government bonds, but those who own Government bonds do not have to borrow; there is always a market for Government bonds, and they have been above par a good part of the time. So that those who own the bonds are not borrowers, in the main. There is now no property save one single class on which the banks of the Nation dare to loan the money of their depositors. There is one class of property today that is making money. Those who own breweries can get loans today. The breweries are making money. Those who own glass factories and glass-bottle works can get money today at the banks. The banks are making loans to them because those industries are making money. The makers of bottles, proceeding along with the beer traffic, are prosperous. Then, we have the hop industry, and those who own hop farms today have buying power and can secure loans.

If they need money they can get it; but, save the interests represented by the brewing establishments and allied institutions, there is no class of industry today of which I know that is making money sufficiently to enable a bank's officers to make a loan to it. Banks do not loan their own money; in the main they loan the money of their depositors. Of that money the banks are only the guardians and the trustees, and they do not dare to take a chance loaning the money of their depositors of which they are the trustees and guardians to any person upon any industry unless the bank is sure as nearly as may be that not only the principal will be paid but likewise the interest. That is the reason why the banks are not loaning money; that is the reason why the banks cannot loan money; and until this money question is settled and adjusted the banks cannot loan money. I do not care how much money they may have in their vaults, they do not dare to take that chance.

Mr. President, what is the condition today? I will not dwell on it at any length. I just want to call attention to one or two facts. A few days ago Mr. Green, of the American Federation of Labor, made the statement that we have today 13,000,000 unemployed people in these United States. I hope that is not true, but I am afraid it is. Times have gotten so bad, Mr. President, through unemployment, through the scarcity of money, through the lack of credit, business being at a standstill, that the people cannot get money with which to pay their taxes. Taxes are not being paid because taxes cannot be paid. States, towns, villages, counties, and the Nation itself are having difficulty in getting money to keep themselves going concerns.

I have here a statement—it is the result of a debate that was held recently—of which the headlines are as follows:

Many cities' plans to reorganize told. Hall and Kiplinger in joint discussion over radio.

I quote the first paragraph of the body of the article:

Thousands of big and little cities, villages, counties, townships, and other local districts are planning wide-spread reorganization of their government, Arnold Bennett Hall, director of the Institute for Government Research of the Brookings Institution, declared last night.

Mr. President, what does that mean? It means that the cities of the country, the counties, the States cannot secure payment of their taxes, and, realizing that they cannot secure payment of their taxes, these cities, these municipalities, are preparing to go through what might be termed "bankruptcy" to rid themselves of the obligations now hanging over them upon which they cannot even pay the interest. That is what faces America. There is no chance for these cities to collect taxes on the basis of a 2.44 dollar; there is no chance for the counties to collect taxes on the basis of a 2.44 dollar; there is no chance for the States to collect taxes on the basis of a 2.44 dollar to pay their expenses. The people have not paid their taxes; they are not paying their taxes, and they cannot pay them; and what are we going to do about it?

Mr. LONG. Mr. President—

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. I just want to interject that the 2.44 dollar does not tell the whole story. Many of these municipal obligations were incurred during the period of 1920 to 1921, when the dollar was worth about 60 cents. So, instead of being on a 2.44-to-1 basis, many of them are having to discharge debts that they really contracted on a 60-cent basis, so that it is really a 4-to-1 basis for many of them.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution.

Mr. President, I will quote from the public press some news items. I will not mention the city, but there is no one in this presence but who knows what city is referred to. Omitting the name of the city:

—march to help teachers. Twenty thousand in mile-long parade demand payment of salaries overdue 8 months.

Another news item:

Teachers riot in —.

I read again:

Twenty-five thousand in — city teachers' parade.

What does that mean, Mr. President? The teachers perhaps could not put on much of a revolution. Were they properly aroused, even those teachers no doubt could put up a fight.

I now call attention to a report which appeared in the public press yesterday. I hold in my hands a copy of the New York Times of date Sunday, April 23. I will omit the name of the State:

Crisis threatens — State schools. Shortage of funds has closed 85 percent, with remainder on part time. Situation growing worse. Apart from national slump, the State's finances are at the lowest ebb since 1865. Teachers suffering. Some live in school houses and exist on donated vegetables. Merchants refuse scrip.

That is only a sample. What has happened and is happening in that Southern State is happening in the Western States, the Northern States, and the Eastern States. I do not need to dwell upon conditions as they exist today.

I said a moment ago that the deflation initiated in 1920-21 has been going on for these 12 or 13 years. It first hit the farmers, second the livestock men, and then others, until today no one is escaping except those holding tax-exempt gold bonds, and if they only knew it they are hurt, and badly hurt. They have waited too long. There was a time when they could have saved themselves by yielding a portion of

their unearned increment. That time has passed. The deflation did not stop on the 4th of March, much to my regret. It has gone on. It could not have been avoided, and I will tell why.

The banks were closed when the present administration came into power. This administration found every bank in the United States closed. Then, as soon as the administration was installed, the first problem was to try to get the banks reopened. Fortunately, in a week or 10 days' time most of the banks were opened. Five thousand were not opened, and those 5,000 banks had on their books a total sum of approximately \$5,000,000,000. That \$5,000,000,000 in the closed banks, for the time being, had just as well have been in the center of the Atlantic Ocean. It is not in circulation. It is not of service. It cannot be had. I hope it comes to life, and very shortly, but today that money is dead. That was a further deflationary act.

Then when the banks reopened all gold was kept from circulation and all gold certificates were withdrawn, and all gold and gold certificates in circulation were ordered withdrawn, taking that much additional money from circulation—another deflationary act.

Then the Federal Reserve Board, as I have already shown, began to contract bank credits and circulation, taking out of the banks and removing from circulation almost one half of the real money of the Nation. That was a further act of deflation.

We cannot escape the conclusion that the economy bill was a further act of deflation, because when we sever persons from the public pay roll or the private pay roll they have lost that much buying power, and to the extent that those persons throughout the country have been discharged, not only from Government but private employment, just to that extent deflation was accentuated. The bill we passed had a further deflationary effect by cutting down the salaries of those who remained upon the public pay roll. Private industry took advantage of that to slash again. A few nights ago I had the privilege of attending a banquet presided over by one of the great industrialists of the United States. He had on either side of him other industrialists of the United States. These industrial heads told that assembled gathering that for months they had had but two duties to perform because of no business—first, cutting off heads; and, second, cutting down salaries. So the economy bill, whatever we may think about it, was another act of deflation.

The reduced appropriations which have been and are being cut off for all sorts of public purposes, not only by the National Government but by the States, are likewise a deflationary move. If we are to continue in this line, let me make this prophecy. Germany is held up to the American people as a ghost of inflation. If deflation is carried on to its ultimate end, deflation will result exactly in America as inflation resulted in Germany. The people will lose their property, those who hold fixed investment, such as United States bonds, State bonds, corporation bonds, notes, and mortgages, will see them defaulted, repudiated, and their paper will be worthless.

Mr. President, my State is a great agricultural State. In the southern part of my State we produce not much else but cotton. Thirty-five counties in Oklahoma are cotton-producing counties. All landowners and tenants and wage earners in the cities in that section live upon cotton. In the northern half of my State we have a wheat-growing section. The farmers, the tenants, the laborers in the cities, live upon wheat. Interspersed in the south and north halves of my State we grow corn. We grow almost everything produced in the North and likewise in the South, so Oklahoma is a great farming state, primarily a farming State. It is true we have oil, we have coal, we have lead and zinc, we have lumber, but in the end those will disappear and the lands alone will remain for future years. When the lead and zinc and coal and oil are gone we will still have our farms, we will still be inhabited by the farmers and by the tenants.

Let me place in the Record at this point what we have been forced to sell our products for in Oklahoma during the

past 12 months. Wheat has sold by the farmer in Oklahoma in a range of 15 to 30 cents per bushel. Corn has sold by the farmer in a range of 8 to 15 cents a bushel. Oats have sold in Oklahoma in a range between 7 and 10 cents a bushel. Cotton sold during the past fall in a range from 5 to 6½ cents a pound. Hogs have sold around \$2.75 per hundred, and cattle around \$3 per hundred.

Mr. President, in Oklahoma, as in all wheat-growing States, wheat in the past 12 months has been the lowest in recorded history. Four hundred years of the record of wheat prices has not seen wheat so low as it has seen wheat in the past 12 months. Yet the Senator from Pennsylvania [Mr. REED] wants my farmers to keep on raising wheat at a lower price than it has been in 400 years, in order that the holders of tax-exempt bonds may draw dollars at the rate of \$2.44 per dollar. That is not now being done on behalf of one Senator. I suggest to the Senator from Pennsylvania that it will not again be done.

Mr. President, at this point I want to show the Senate what the farmers of my State have to produce in order to get money. I have here a pound of cotton which I exhibit to the Senate. The farmer in Oklahoma, the farmer in the South, must get land and plough it, plant cotton, and he and his children and his wife must top that cotton and cultivate it. In the fall they must pick it, take it to a gin and have it processed by being run through a gin, have it baled, and then take the cotton to the market. This is the size of bundle, tightly compressed, that he must produce in order to get 5 cents in money. The Senator from Pennsylvania wants the farmers in the South to produce that much cotton indefinitely to pay the interest on the bonds held in Pennsylvania at the rate of \$2.44 value per dollar. It is not being done, Mr. President. It will no longer be done.

Mr. REED. Mr. President, will the Senator from Oklahoma yield for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. THOMAS of Oklahoma. Gladly.

Mr. REED. I gather from what the Senator said that he expects the farmers who grew that cotton will now cease to produce the surplus that weighs upon the market and depresses the price. That is all we want them to do—not to keep on producing, but to slow up producing.

Mr. THOMAS of Oklahoma. Mr. President, I deny that we have any surplus of cotton in either the United States or the world. The Senator from Pennsylvania only last week made the statement that we have 17,000,000 people in these United States upon charity. They are barefooted. They have no socks. They have perhaps no underwear, perhaps they have no shirts—just rags—17,000,000 upon charity. If those 17,000,000 could be outfitted in cotton, we would wipe out the surplus in America.

Mr. President, I exhibit to the Senate a half-gallon jar. This contains a very poor quality of yellow corn—shelled, I will say for the benefit of those who may read what I have to say and not see what I am displaying. Farmers in Oklahoma and in the South and East and the West must produce a half-gallon fruit jar three quarters full of corn shelled in order to get one-half cent. That is what the farmers face today. That is what they have faced in the last 3 years. Yet the Senator from Pennsylvania wants the farmers of Iowa and Nebraska and the Nation to produce a half-gallon jar of shelled corn to get half a cent to pay his holders of tax-exempt gold bonds at the rate of \$2.455 per dollar. Mr. President, it is not being done. It cannot be done. That is the issue that the pending amendment and this bill brings before the people of America at this particular time.

I next exhibit to the Senate another half-gallon jar filled with oats. This half-gallon jar will not hold one half cent's worth of oats. The farmers of Oklahoma and the other oat-growing States must produce more than half a gallon of oats; they must plow the land, they must sow the oats, they must cut the oats, they must thresh the oats, they must take them to the market, more than half a gallon of them, to get one-half cent.

Mr. President, it is a physical impossibility. It is not being done, not because the farmers do not want to, but because it is a physical impossibility.

I next show to the Senate another half-gallon jar of wheat. This is the standard farm commodity of America, grown in my State, grown in the South, grown in the North, grown in the East, grown in the West, grown everywhere. Here is a half-gallon jar of wheat. It is a little more than half full. It contains 2 pounds. The farmers of America must raise 2 pounds of wheat, plant it, cut it, thresh it, sack it, haul it to the elevator, to get 1 cent of money.

Mr. President, here is the visible evidence of the issue that I am trying to raise before the Senate:

This one-half cent's worth of corn represents 2 pounds of shelled corn. The farmers must raise and sell 2 pounds of shelled corn to get one-half cent. They must raise and sell 2 pounds of wheat at the rate of 30 cents a bushel—more than it has been sold for in months in my State until recently—to get 1 cent of value. They must raise, process, and sell 1½ pounds of oats to get one-half cent in value. And that is the reason, Mr. President, knowing as I did of the conditions under which the farmers had to live, that I have done the best I could to get some relief.

Mr. President, since I took the floor there has been sent to me a note; and along with this note I have, and exhibit to the Senate, a piece of paper of approximately the exact size of a \$2 bill. The paper feels to be about as good as real paper money. It is printed to look very much like paper money. It is brown on one side, with the words "City of Detroit, Mich.," with the State seal. On the other side I find, in large figures, "2", which means \$2; "City of Detroit, Mich." That is scrip. That evidently circulates in Detroit, Mich.

Mr. President, if we have in the country enough money with which to transact the business of America, why cannot the great city of Detroit secure enough of the real money of the Nation, authorized by Congress, with which to transact business, without having to resort to scrip of the kind that I exhibit to the Senate?

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield to the Senator from Maryland.

Mr. TYDINGS. While the Senator's observation might apply to other cities, I understand that in Wayne County, a large part of which is the site of the city of Detroit, money has been so lavishly expended in the past that it requires 54 cents out of every tax dollar to pay the interest and sinking-fund requirements of the municipal debt.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution at this point in connection with this discussion.

Mr. President, the issue joined before the Senate is this: Shall the American Government continue the policy of deflation that has brought us where we are, or shall we make a heroic effort to stop the deflation and start back on the upward trend through what might be termed "expansion" or "reflation"?

At this point I desire to call the attention of the Senate to the statement of an eminent economist. I refer to Dr. G. F. Warren, of Cornell University. He defines the issue, and defines it better than could I. For that reason I read his statement. The headline is:

DEFLATION OR REFLATION?

The price level must be raised to the debt level, or the debt level must be lowered to the price level. This is a matter of grim reality that cannot be cured by psychology, confidence, or Government lending.

We must choose between deflation and reflation. * * * If we wish to go through with deflation, we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with.

DEFLATION

If deflation is completed, the following are some of the innumerable adjustments yet to be made.

Mr. President, if the policy of deflation advocated by the distinguished Senator from Pennsylvania is to be continued, here is what Dr. Warren says must come. I read:

At the new price levels, public and private debts are nearly equal to the national wealth.

If Dr. Warren's statement is true, today there is scarcely enough wealth in America to pay the debts of America.

These debts will have to be reduced. The only plan thus far proposed for reducing them is bankruptcy and private adjustment. This will probably require 3 or 4 years for the major adjustment and a generation to complete the process. While the more serious part of this is taking place, bankrupt homes, farms, and other properties will always be for sale at less than new costs of construction, regardless of how long these costs may fall. Therefore little building of any kind is to be expected. Consequently most of the basic industries will operate at low capacity and severe unemployment will be continuous.

That is the policy which the Senator from Pennsylvania and those who see as he does think should be followed from here on out. I am not willing to follow that leadership, Mr. President; and I shudder when I think of what will happen—and that, I fear, too shortly—unless the reverse policy is inaugurated and pursued.

Mr. President, in this emergency the States are powerless. Not only are the States powerless, but the cities and the counties are powerless. They can do nothing save issue scrip, and that is being done throughout the length and breadth of the Nation; but the States are protecting their citizens. They cannot get them more money; they cannot cheapen the dollar; they cannot raise the price of corn, wheat, cotton, and livestock; but the States almost without exception have passed laws protecting their citizens. They are protecting those citizens through denying the processes of the courts to those who seek to foreclose the mortgages existing against the farms and the property of those States.

There is what we face. The States themselves are in rebellion against this policy of deflation; and that act of rebellion is seen in the passage of innumerable laws throughout the Nation postponing the possibility of foreclosures, repealing laws under which Eastern investors having mortgages on Western properties can secure the process of the courts to enforce those mortgages.

If that is not rebellion, Mr. President, what is rebellion? The people cannot pay their present indebtedness at these prices. The cities cannot pay. They cannot pay their indebtedness. They cannot pay their interest. They cannot pay their operating expenses. The counties cannot pay. Even the States cannot pay, and the Federal Government itself cannot pay. In the past 3 years the Nation of which we are the policy-making branch has run behind more than \$5,000,000,000. We are not collecting enough money, under our existing tax rates, to keep the United States a going concern.

We raised the tax rate last year, and the higher we raised the rate the larger the deficit. It does not do any good to raise the rates. What good would it do to raise the income-tax rate when the people have no incomes? What good would it do to raise the corporation-tax rate when the corporations have no net incomes? No good whatever would come from that process. This trouble cannot be solved through that method.

Let me quote at this point the words of one of America's most distinguished publicists; and, by the way, when this issue was first sought to be joined, this particular publicist was vicious in his writings against the proposal of expansion, against the proposal of reflation, or against the proposal in the popular mind now called "inflation." But this particular publicist has changed his mind. In that particular he is a wise man, Mr. President, and those who have not already changed their minds have yet to make that decision and perform that act, because there is only one thing that will save the Nation—to reverse the process of deflation, and enter upon a process of reflation or expansion of the currency.

I quote from a recent article by Mr. Walter Lippman. If you have confidence in his judgment, listen to what he says:

For at present price levels—

Says Mr. Lippman—

and with the continuing impact of the world deflation, there is no such thing as keeping the Budget in balance, or providing enough relief, or readjusting fixed charges to earnings and income. As Mr. Keynes has put it, when deflation continues the only way to bring budgets, public, corporate, or individual, into balance is at zero on both sides of the account.

Hence Mr. Lippman supports the statement made by myself a moment ago that deflation carried to its ultimate end means the same thing as inflation carried to its ultimate end—chaos. We are not very far from that point now, Mr. President. Some do not seem to know it yet.

Again says Mr. Lippman:

Instead of allowing the dollar to find its own level in relation to sterling and the franc and of expanding credit to offset deflation, as Britain and France did when they were driven off gold, the United States has been letting Britain, and even helping her, to manage the dollar. We are thus in the rather absurd position of allowing the value of the dollar to be fixed in London in the interest of Britain and of the other nations on the sterling standard.

Again says Mr. Lippman:

The time is at hand, therefore, when the United States should assume control of its own monetary policy so that when the moment comes to stabilize currencies internationally we shall not make the mistake that Great Britain made in 1925 of stabilizing the dollar at a point so high that we are doomed to a long period of deflation and depression.

Thus said Mr. Lippman.

Mr. President, I said a moment ago that this issue of money, its adjustment and regulation, has assumed not only congressional importance; it has assumed national importance—not only national, but likewise international.

I exhibit to the Senate a section of the New York Times of yesterday. In black letters and words across two columns we read these words:

The monetary problem holds world attention. Need for currency adjustments and stabilization prime issue before Roosevelt and MacDonald.

I call the attention of the Senate to another page of the New York Times. There are on this page headlines covering four columns, as follows:

Roosevelt and MacDonald favor world action on money and trade.

Again, on the front page of one of the leading papers published in this city, a paper heretofore almost daily denouncing those who even assumed to talk upon the money question as radicals and as "reds", and other names too numerous to mention, on yesterday, in the Washington Post, we find a 4-column headline, as follows:

World-wide inflation aim.

By the Associated Press, underneath that headline, we find the following words:

Toward a bold attack upon the depression by a world-wide inflation of currency, President Roosevelt and Ramsay MacDonald turned their thoughts last night as the British Prime Minister called for the united action of governments against a common foe.

To check the sharp fall of commodity prices and break the vicious circle which is keeping millions from their daily bread, the chiefs of the English-speaking Governments pondered the potentialities of international action to cut the purchasing power of currency by decreasing the gold "cover" behind each unit of money.

The inflation policy upon which the administration already has embarked on a national basis would show the way in this direction.

Mr. President, while this amendment was not introduced until late Saturday, already it is receiving the almost unanimous consideration of the people of the United States. Some of our leading economists have passed judgment on the proposal.

I now call attention to a news item appearing in the public press of April 22, an article signed by Roger W. Babson. It is from Babson Park, Mass., with a headline as follows:

United States money stand praised by Babson. Financial expert calls move Roosevelt's master stroke; recovery seen.

I will read one or two paragraphs from the statement:

The decisive action of President Roosevelt in declaring a gold embargo and embarking on a policy of controlled inflation is the

master stroke which should turn the tide from depression toward recovery. I am highly optimistic for three reasons: First, this action reverses the vicious trend of deflation, replacing it with a trend of rising values.

Second, it starts a buying movement which sets into motion an upward spiral of business instead of the disastrous downward spiral from which we have been suffering for the past 3 years.

Further along in the article I read as follows:

That the President's policy of controlled inflation is already working is clearly shown by the sharp rise in stock and commodity prices. Billions of dollars have been added to the stock valuations since the gold embargo, and other billions to the valuation of basic commodities.

Roger W. Babson is not the only one. I now call the Senate's attention to a statement signed by Mr. Irving Fisher, not only a nationally known but an internationally known economist of Yale University. Dr. Fisher's statement was given to the Associated Press and was published by the Associated Press under date line of New Haven, Conn., April 22, with a headline as follows:

"Reflation" plan backed by Fisher.

Price rise is the only way to escape imminent danger, says Yale economist.

Republican criticism hit.

It is in line with worn-out traditions, he asserts, holding this no time to cavil at methods.

I read a portion of the statement, as follows:

Few realize the gravity of our present situation. Our very national existence is at stake, even more than it was in the World War.

Half-way, traditional, and timid measures will no longer do. If the price level is not speedily raised so that business, industry, and agriculture can be run again at enough of a profit to make sure that they are run at all and reabsorb the unemployed, and if that level is not raised enough to enable debtors to pay their debts and creditors to get their pay, this country will soon be over the precipice with bloodshed and revolution.

Mr. President, that does not come from an unemployed man, that does not come from a former farmer who has lost his farm and is now adrift in the world, that does not come from a western or southern farmer, but it comes from a world-renowned economist, with one of the great universities, not only of this Nation but of the World:

BEST METHOD IS THE QUICKEST

There is, if my analysis of this depression is right, absolutely no escape from our present imminent danger except through reflation.

Nor can we stop to cavil about methods. The situation is too desperate and imperative. The best method is whatever is the quickest.

I, too, dislike to load on the President so much responsibility and power, but the alternative is a debate which will delay action, when there is no time to lose.

We are at war and must intrust to our Commander in Chief the war-time powers necessary to win this sort of war.

The open-market operations, which alone the objectors grudgingly admit might well be used, cannot be intrusted wholly to the Federal Reserve System. They had their opportunity a year ago, and made insufficient use of it.

OTHER NATIONS HAVE DEVALUATED

The paper money which the objectors fear is no more "flat" than what we have, nor as much. Our dollar silver certificates are redeemable in only 25 cents' worth of silver.

The objectors fear if the medicine doesn't work, more will be tried. It certainly should be used until it works enough and then stopped. It can be stopped, for we shall be stronger, not weaker. We can then balance the Budget. We cannot now.

In that opinion Dr. Fisher supports the opinion of Publicist Lippman. We cannot balance a Budget upon a falling market. We cannot balance a Budget with deflation continued. Only by and through reflation, says Mr. Lippman, says Dr. Fisher, and say millions upon millions of others, can we ever be able to balance the Budget.

The Budget cannot be balanced until the people commence earning money so that they can pay income taxes. The Budget cannot be balanced until corporations again commence earning money, making net earnings, upon which they may be enabled to pay corporate income taxes. They are not doing that now. If deflation persists, the less able will people be to pay the taxes necessary to keep the Government going even upon a reduced annual appropriation Budget.

I quote further from Dr. Fisher:

When we reach the price level which does the greatest good to the greatest number—not far from the 1926 level as calculated—we should stabilize as Sweden has.

Almost all other nations have devaluated their gold coins. No one should care what the dollar weighs, if what it buys is properly safeguarded. It now is not 100 cents but 180 cents in terms of 1926 dollars. Debtors cannot pay 180 cents on the dollar nor interest.

Dr. Fisher says that the dollar today is worth 180 cents. I stated a moment ago from figures which I had that, based upon farm commodities, the dollar is worth 244¼ cents; that based upon all commodities in the United States, 700 of them, wholesale and retail and farm commodities, according to this index, the dollar is worth 170 cents. Dr. Fisher has his own index; he makes his own estimates; and, according to his chart, the dollar today is worth \$1.80 not only of the farmer's commodities, the miner's commodities, the livestockman's commodities, the lumberman's commodities, and the fisherman's commodities, but of every commodity produced in the United States.

I want to read that last sentence from Dr. Fisher again. He is speaking about the dollar:

It now is not 100 cents, but 180 cents in terms of 1926 dollars. Debtors cannot pay 180 cents on the dollar, nor interest.

Mr. President, that is the issue. Shall the United States, acting through its Congress, the policy-making branch of the Government, continue the policy of deflation? The distinguished Senator from Pennsylvania says the dollar must not be debased, that not a single penny shall be taken from its value, that not a single mill shall be taken from that dollar, which, measured in the farmer's dollar, buys 244 cents' worth; that not a single penny of the dollar which, measured by all commodities, is now worth 170 or 180 cents, shall be taken from that dollar; that in the future, as long as the people shall live, they shall be compelled to work and sweat and produce and sell their products to raise money at the basis of 150 or 180 or 200 cents on the dollar in order to get the money with which to pay their taxes and to pay their interest and to pay their debts.

Mr. President, it is not being done any more; it will not be done any more; not perhaps because the people would not like to, but because they cannot.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. SMITH. I did not hear the Senator develop the thought, although perhaps he did while I was out of the Chamber; but have not most of the efforts we have made to relieve the present situation, so far as balancing the Budget is concerned, and so far as economy measures are concerned, which seemed to be necessary in view of the terrible conditions in which the country has found itself, been in themselves deflationary?

Mr. THOMAS of Oklahoma. Without exception, they have been in their administration, not in their potentialities. No law has been passed by the Congress since the crisis came on in 1929 which has not in its administration been a deflationary measure. Some of them were intended to be reflationary; but it makes no difference what kind of laws Congress may pass unless those laws are administered to carry out the intent of the Congress. The administrator may fail to carry out the intent of Congress and go in the reverse direction.

Throughout the Nation each fall in the campaigns in all of our respective counties we elect our sheriffs. Why are sheriffs elected? The power of enforcing the law is given into their hands. Having the power to enforce the law, having that responsibility on their shoulders, they can misconstrue and misinterpret their power and responsibility, and, instead of using their offices to enforce the law, they may use them to protect the law violators. That is what has happened in the United States too often in the past 3 years.

Mr. ADAMS. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. ADAMS. Is it not true of the amendment which the Senator has offered that that also would depend almost wholly, if not exclusively, upon administration, that there is no mandatory feature to it?

Mr. THOMAS of Oklahoma. Exactly so. The Senator is correct in his interpretation, and that is true for a good and sufficient reason. If we should place in this amendment one affirmative mandatory provision, it would lead to unending debate.

I have been in the Congress for 10 years, in the Senate for more than 6, and I know that we cannot agree upon the silver question. We could not agree upon reducing the gold content of the dollar; we cannot agree upon the exact extent of the expansion of the currency through the buying of bonds. Perhaps we have not the information; perhaps there is some other reason; but it has not been done, and I doubt if it could be done. So the only alternative, if something is to be done, is to confer this power on someone. That someone should be the one who has the confidence of the people of America, someone who is responsible to the people of America, someone who has it in his grasp and power to get the best information, the best expert advice that the Nation and the world afford. This amendment confers that power upon the President, elected by the people by the largest majority ever given a President of this Republic. He has the confidence of the public; he has a record that justifies the bestowal of this confidence; he has the facilities at his command to obtain the best information—in fact, all the information—and the best advice, the best brains not only of America but of the world. Because of those facts the amendment confers upon the President a power which we had but which we failed to exercise, and I fear we shall continue to fail to exercise it if this amendment or some similar amendment shall not be enacted.

Mr. ADAMS. Mr. President, I wish to say that the Senator is making it very obvious that there is at least one Member of the Senate who is very well advised as to these questions, and that we do not have to leave the Senate Chamber in order to get the data.

May I suggest one further thought? When we handled the economy bill, we gave directions as to what was to be done and laid down the scale upon which it was to be done. We did not hesitate to cut salaries and to cut benefits in a direct way and to issue directions that it should be done.

Mr. THOMAS of Oklahoma. I thank the distinguished Senator from Colorado for his compliment; and likewise I appreciate the suggestion he has made; but as to the economy bill, I will say to the Senator from Colorado, when that measure was pending, a motion was made to limit the powers of the President to cutting any existing compensation or award to a sum not exceeding 25 percent. I voted for that limitation, but I and those who voted with me were voted down, and the President was given full power to deprive every pensioner, every widow, every soldier of all the wars of the past of every dollar, of every benefit, they are now receiving under solemn laws enacted by the Congress and approved by prior Presidents.

Mr. President, a few days ago a very significant decision was made. That decision was made by the President; that decision took America off the gold basis. No longer is it possible for citizens, either of this country or of foreign nations, to get gold legally from the Government of the United States. A little gold was released a few days ago, but the outflow has now been stopped, and gold is not being sent from the United States. Those who have deposits are unable to get gold upon their checks. One cannot even get gold upon greenbacks, upon paper money. One cannot get gold today upon gold certificates, because even to have a gold certificate in one's possession is contrary to the policy of the Nation. Under the decision which has been entered and which is now in force, America is off the gold base, and, in my judgment, we will not return to the gold base so long as there is a single one of the competing trade countries of the world that refuses to go back upon the gold base at the same moment that we return to the gold base.

Mr. TYDINGS. Mr. President—

Mr. THOMAS of Oklahoma. I yield to the Senator from Maryland.

Mr. TYDINGS. I should like to ask the Senator if, in his opinion, the result of the suspension of gold payments or the embargo on gold exports was not in effect a further increasing of the value of the dollar because it kept our gold at home? As a matter of fact, if gold had gone abroad in large quantities, we would have had a less strong dollar, would we not?

Mr. THOMAS of Oklahoma. I do not take that interpretation to be the correct one. When we went off the gold base, we released \$4,400,000,000 of gold we have in this country from any demand being made upon it. No one today has any demand for gold. Foreign nations cannot get it; Americans cannot get it. We are getting along without the gold. That gold—\$3,000,000,000 worth of it, as I understand, or thereabouts—is 80 feet deep in a vault beneath the Federal Reserve bank in New York City. I am advised—I never saw the vault, although I should like to see it—that the vault is 80 feet deep in the solid rock, and in that vault underneath that bank there are \$3,000,000,000 of gold, and above the vault there are 50 feet of water as a protection for the gold. So far as the world is concerned, that gold might just as well remain there. We can get along without it; we are getting along without it. I do not see anything sacred about the gold standard. We are not today on the gold standard; Great Britain is not on the gold standard, and approximately 35 other nations of the world are not on the gold standard, and they are getting along fine. I am not arguing against the gold standard; I am simply stating the fact that we are off the gold base, and we will not go back on the gold base, in my judgment, so long as a single world-wide competing trade nation refuses to go back on the gold base with us. We do not dare to do it, because if we did go back on the gold base, even in conjunction with Great Britain and France, supposing Germany, which is now theoretically on the gold base, went off the gold base; she could enter the markets of the world with cheaper currency and take America's trade because of having a cheaper currency; she could produce goods at a smaller figure, at a cheaper price, and sell them in competition with America cheaper than we could produce them and sell them and thus get our business. That is very largely the trouble with America's foreign trade today.

Mr. President, I read awhile ago from some newspaper releases by famous economists giving approval to the policy enunciated by this amendment and announced by the President. I now desire to call attention of the Senate to just one statement by a newspaper of wide circulation.

Mr. BORAH. Mr. President, before the Senator takes that up, will he yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Idaho?

Mr. THOMAS of Oklahoma. I yield.

Mr. BORAH. I should like to ask if those who had to do with the framing of this amendment sought legal advice as to the power of Congress to authorize the President to change the gold content of the dollar?

Mr. THOMAS of Oklahoma. In reply to the inquiry, I will say that the best legal advice available was consulted when the amendment was prepared; and let me say further, in reply to the Senator's question, that at this time the Attorney General and his associates are considering that question, and in the event the Attorney General finds that there should be some clarifying language or some restrictive language or any kind of language necessary to make this amendment comply with the Constitution, the suggestion will come to the Senate before we conclude our consideration of the amendment or will be submitted to the other branch for its consideration and for attachment as an amendment to our amendment to their bill. So the matter is not foreclosed.

Mr. BORAH. It seems to me that a formula could be drawn which might be constitutional, but it does not seem

to me that we can confer unlimited discretion upon the President to do as he pleases with the gold dollar. In other words, we cannot delegate legislative power to the President. We may pass a law and make its operation depend upon the act of an agent, but we must ourselves complete the law.

Mr. THOMAS of Oklahoma. Mr. President, any act we may pass presumes that the President is a rational, reasonable, sane being, and that he will act with discretion for the best interests of the people of America; and that presumption would carry us to the conclusion that if he shall do anything under this amendment, it will be what is necessary and best for the people of the Nation.

Mr. BORAH. I am not now questioning the integrity or ability of the President or his desire to serve the people; that is not in my mind at all; but the Constitution provides that Congress shall have power to coin money and to regulate the value thereof. The question upon which I desire to have the Senator's opinion whether or not the Congress may delegate that power to the President of the United States, conceding that the President, whatever power he might be given, would use it, in his judgment, for the best interests of the people. It is purely a constitutional question, and in no sense a question of the President's ability or high purpose.

Mr. THOMAS of Oklahoma. The amendment as prepared by myself and originally introduced gave the President unlimited power. It was hurriedly drawn, and it was withdrawn later and submitted to those who were interested in the proposition and the best advice was had that was available. A limitation was placed in the amendment giving the President the power to devalue the dollar only to the extent of 50 percent.

Now, let me announce to the Senator an interpretation of the law which I think is good, although perhaps he will not agree with me. Under section 8 of article I of the Constitution the Congress has power to coin money and regulate the value thereof. That is a positive, express grant of power to the Congress. I assert this proposition, that when the Congress has a power of that kind and exercises it and selects machinery for carrying into effect the power conferred upon it further than the Congress itself wants to go, the courts, then, will not disturb the operation of that special machinery.

Mr. BORAH. I am inclined to agree with the Senator that if Congress will announce the formula or the rule which is to govern its agent, to wit, the President, it can confer upon its agent, the President, the powers proposed; but the Supreme Court has said that we cannot delegate legislative powers, though we may lay down a formula and select an agent to carry it into effect. If the Senator has done that in his amendment, I think it would be constitutional; but it does not seem to me that the language is sufficient. That is the way it impresses me at this time.

Mr. THOMAS of Oklahoma. Let me say to the Senator from Idaho that the amendment was so drawn in conference as to comply exactly with the formula prescribed by the Senator from Idaho, in that certain conditions must exist and they must upon investigation be found to exist before the President can take any action. Then, having found that certain conditions exist which are detrimental to the welfare of America, and that in order to correct that detrimental tendency or condition something must be done, the President, within his discretion, can exercise the power conferred by this amendment and devalue the dollar to the extent of 50 percent.

Mr. REED. Mr. President, at that point will the Senator yield for a question?

Mr. THOMAS of Oklahoma. I shall be glad to yield.

Mr. REED. On reading the Senator's amendment I find that this delegated power is to be exercised in either one of two contingencies: First, if the President from his investigation finds it necessary to protect the foreign commerce of the United States against the adverse effect of depreciated foreign currencies, the power is delegated to him to reduce the gold content of the dollar in case his investigation shows

such facts to exist; and, second, in case the Government of the United States enters into an agreement with any government or governments under the terms of which the ratio between the value of gold and other currency issued by the United States and by any such government or governments is established. That is to say we delegate the legislative power which the Constitution gives us to the President in case he makes any agreement with a foreign government with regard to the exchange value of its currency and ours. In other words, no rule is laid down; Congress is not legislating in the event a particular thing shall happen or a particular set of facts shall occur, but is leaving the door wide open; and we might just as well give the President the power to declare war in case he should make an agreement with a foreign government or governments, and then say that that was a proper delegation of legislative authority.

Mr. BORAH. Mr. President—

Mr. THOMAS of Oklahoma. I yield to the Senator from Idaho.

Mr. BORAH. I understood the Senator to say that the Attorney General is now investigating the legal aspects of the question.

Mr. THOMAS of Oklahoma. The Senator understood me correctly. I may state that I am expecting an amendment to be submitted at any moment, if one is thought to be necessary. It may not come if it is not thought necessary; but if it should be considered necessary after we conclude our deliberations, such an amendment may go to the House, and, under the parliamentary procedure, the House may agree to our amendment with an amendment which might be necessary to meet the point raised by the Senator from Idaho.

Mr. BORAH. Of course, there is no doubt that Congress can designate that, upon the happening of a certain state of facts, a certain law shall go into effect, and I presume the Attorney General when he tenders his opinion will deal with that feature of it.

Mr. BYRNES. Mr. President, will the Senator yield to me for a moment?

Mr. THOMAS of Oklahoma. I yield to the Senator from South Carolina.

Mr. BYRNES. I think the Senator will agree that insofar as the first declaration of the standard contained in section 34 is concerned, it is in the exact language of the Tariff Act which was construed by the Supreme Court in the *Field* case or the *Hampton* case. Certainly, the language follows the exact language of the act in which the Congress gave to the President the power, whenever the President determined that a foreign government was discriminating against this Government in levying tariff duties, upon his findings as a result of that investigation, either to raise or lower the tariff duties. The Court held that it is within the power of the Congress and that the President was merely the agent of the Congress to carry out the will of the Congress within the limitations set out in the act.

Mr. BORAH. I am not sure that the amendment comes within the case of *Field* against *Clark* or the flexible tariff case. So far as the flexible tariff is concerned, I opposed it to the extent of my limited ability, because I thought it was unconstitutional. I am aware the Supreme Court has decided otherwise, but with great respect to that tribunal, it has not convinced me. I think under the decision announced by the Supreme Court in the flexible tariff case the Congress could delegate away practically all its legislative power. It is in my judgment a most dangerous rule there announced. It occurs to me that regardless of the decision of the Supreme Court in that particular case, the Congress should adhere as strictly as it can to the rule that if it undertakes to delegate power, it must do it under a specified formula so the agent will do nothing more than find the facts, and upon the finding thereof the law will go into effect. I think an amendment could be drawn perhaps along that line, but I do not think this amendment comes within the rule. At a later time I may say something further upon the subject. This is a most important measure, and we should bring it within the

Constitution, for rest assured it will be tested in the courts, and the courts may conclude that after all, there is a limit to this granting of legislative power.

Mr. THOMAS of Oklahoma. Mr. President, I appreciate the suggestions made by the Senator from Idaho, the Senator from Pennsylvania, and the Senator from South Carolina. I am sure that before the debate is concluded this matter will have every attention that those interested in it can give it, and we will welcome suggestions to make the amendment comply with the Constitution and the best interests of the people of the country.

Mr. President, for 3 years the Congress has been trying to bring about some relief for the people of the country. We have not succeeded very well. Even though the proposal is not yet enacted into law, but is only being discussed, I now desire to call the attention of the Congress and of the Senate to what it has already done. Before I do that, I want to have the attention of those who are sponsoring and supporting the proposal. I have just read support from Dr. Fisher, Roger W. Babson, and Mr. Lippman. I have here the financial section of one of the leading papers of the country. In the first column I find headlines as follows:

Trade increase seen resulting from inflation. Economic deadlock will be broken by cheaper money.

The next column I find this:

Retail trade climbing. Car loadings show 6,919 increase in week. Steel up. Wheat active. Automobiles improving.

In the next column I find this headline:

United States has quit being boob in world deals.

That is at the top of an article by Mr. B. C. Forbes, financial writer of note.

Then in the next column I find these headlines:

Stock market buoyant as week closes. Industrial shares are leaders in spectacular advance caused by inflation news.

Are these headlines displeasing to the distinguished senior Senator from Pennsylvania, hailing as he does from the great industrial State? I pause for a reply.

Mr. REED. Mr. President, if the Senator will indulge me for a moment or two I shall be glad to give him a reply.

Mr. THOMAS of Oklahoma. I shall be glad to have the Senator from Pennsylvania interrupt me at any time he sees proper.

I now call attention of the Senate to another page from a great publication, perhaps the greatest in America, and that means the greatest in the world. I refer to the New York Times of Sunday, April 23, 1933, a rather recent publication. I want to show the effect the talk about this proposal, even the serious consideration of a proposal which has for its purpose the checking of deflation, has had upon business throughout the country. Then I want the opinion of the distinguished Senator from Pennsylvania, who stands in the Senate speaking in and out of season for industry, industrial life, those engaged in industry, both the employer and the employee. I shall read only the headlines:

Business buoyed by action on gold.

There is little doubt but that this step, following closely on increased inflationary force in Congress, was confusing to the average business man, who in many cases found his stocks of raw material suddenly increased in value, but with the cost of necessary new stocks equally higher.

Under that I find another story:

Local trade strong. Stores report gains in sales over year ago.

That is in New York City, the barometer of the business life of America. Again:

Philadelphia more active. Building and industrial progress noted in the district.

That is from Philadelphia, April 21. If anyone knows where Philadelphia is, if anyone who knows who represents that great city in this body, he may wonder what that distinguished representative thinks of such headlines when he is protesting against the action being taken with those headlines in black print in Sunday's papers.

Again I read:

Chicago turns to selling. Inflation prospect ends buyers' market. Business is brisk.

From the second column I read:

CHICAGO, April 22.—Rise in grain prices prompts order for 700 freight cars.

I wonder if the railroads are offended by the decision of the President to give them an increased business which justifies an order for 700 additional freight cars to handle wheat alone?

I read further:

Many lines increase activity beyond seasonal levels.

That is from Cleveland, April 20. Underneath that is the following:

Northwest is cheered. Grain prices are rising, and retail trade is good.

That is from Minneapolis, April 22. Here is one from the Southwest—St. Louis:

Eighth district quickened. Commodity price rise spurs mining, farming, and trade.

We have not had such news in 13 long years. Three years the Congress has been in session, daytime and nighttime, passing bill after bill, and never has the New York Times covered one of its important pages with notice after notice from all over the Nation, North and South, East and West, that even the proposal of a plan is bringing an upturn in trade prospect and confidence.

From Kansas City:

Trade rises. New year's highest levels. Grain trend encouraging.

That is from Kansas City, April 21.

Again, from nearer Washington:

Southeast shows gain. Coal production rises. Retail trade firm. Optimism increases.

Whence does that headline come? It comes from the Old Dominion State. It is from Richmond, Va., April 21. Who represents that State in this body?

For 3 years we have been enacting legislation, passing financial bill after financial bill, but it produced nothing like this.

Mr. REED. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. REED. If the Senator regards the increase of prices in debased money as an evidence of prosperity, he ought to regard it, I suppose, as an evidence of great prosperity in Germany that in 1924 it took 1,000,000 times 1,000,000 marks to buy an orange. That was a rise in commodity prices. Does the Senator think that is prosperity?

Mr. THOMAS of Oklahoma. I expect the Senator from Pennsylvania to go to the German situation. He cannot argue from the standpoint of America. There is no comparison between the German situation and the American situation. When the German mark began to advance Germany was a defeated nation. We are almost defeated. In a few months more we will be in the same condition as was Germany if this trend is not changed. When the war was over the mark was only two and a half times less than its normal value. The inflation in Germany took place after the war closed. They had only 28,000,000,000 marks in circulation when the war was closed. Germany did not need to go to the extent of inflating her mark the way she did. In my judgment it was done for a purpose. The Senator and I will not discuss that. But Germany after the war had no gold. The United States has almost five elevenths of the monetary gold of the world. Four billion four hundred million dollars of gold rest securely in the bank vaults of America. Then the Senator from Pennsylvania, with all his knowledge and ability to analyze, continues to make statements upon this floor comparing America to Germany.

Mr. NORRIS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. THOMAS of Oklahoma. I yield.

Mr. NORRIS. Does the Senator know of anybody who is advocating inflation that would go to the extreme to which Germany went?

Mr. THOMAS of Oklahoma. The man in America who would advocate going to that extreme or would seriously state upon this floor that America will perchance go to that extreme would be or should be confined before night in a padded cell in St. Elizabeths.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. REED. Does the Senator know whether there is a vacant cell in St. Elizabeths? [Laughter.] I should like to invite his attention to the fact that the present Speaker of the House of Representatives, the distinguished Mr. RAINEY, leader of the Democratic Party in the House, said last May in opposing one of the particular unsound money measures in Congress:

A government once embarked on the practice of issuing fiat money finds it difficult always to stop.

Then, apparently qualifying for St. Elizabeths, he said:

In the recent past we have seen European governments resort to fiat money, until it took in Germany millions of marks to buy a small loaf of bread. Finally the German issue of fiat money based on the promise of the German Government to pay was stabilized on the basis of 1,000,000,000,000 marks, based on the promise of the Government to pay for 1 gold mark.

If using the German situation as a parallel and a warning of the danger that inflation always gets out of control is qualification for St. Elizabeths, I nominate the distinguished leader of the Senator's party in the House of Representatives for cell no. 1 and I should like to go to cell no. 2. [Laughter.]

Mr. THOMAS of Oklahoma. I suggest that the Senator from Pennsylvania confer with the distinguished Speaker of the House and arrange that trip so that they can both go together, because if the Speaker of the House was correct in his statement that it would lead to chaos, the statement made by the Senator from Pennsylvania favoring deflation, if carried to its last analysis, leads to chaos exactly similar to uncontrolled inflation.

Mr. President, we had inflation in the sixties. Did that go to an unnatural, abnormal extent? Let me ask the Senator from Pennsylvania what would have happened to Pennsylvania if the Northern States had not passed the act of 1862 and authorized first \$300,000,000 of greenbacks, later increased to \$400,000,000 of greenbacks, to pay the expenses of protecting his State and his citizens and his cities in Pennsylvania? The North had no money. The North had no gold. They had no credit. They were stopped. I pause for a reply. What would have happened to the North if the Congress at that time had not passed those acts, and given Mr. Lincoln these so-called now-hated "greenbacks" with which to carry on that now-historic conflict?

Mr. REED. Mr. President, it was a desperate expedient resorted to in a desperate time, I grant you. If the war had not ended, it probably would have resulted in the total disappearance of the American dollar from having any value at all. As it was, it took nearly two decades of toil and distress on the part of all the American people to bring their money back to a sound basis; and now the Senator wants to throw us off it in time of peace, when we have half the gold in the world!

Mr. THOMAS of Oklahoma. Why, Mr. President, take the CONGRESSIONAL RECORD. Turn to the speech made by the distinguished Senator only 3 days ago, and read there that 17,000,000 American citizens today are living on charity. Read his speech. We saw no times like those during the historic days of the recent world-wide war. That war, Mr. President, was not a circumstance in the point of effect to the cost and misery already and now being sustained and experienced by the people of this Nation.

War? The Senator from Pennsylvania is the only man I know of in America who does not agree that today we are

in a worse war than we ever were in during the years 1916, 1917, and 1918.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. I have already made it plain, in what I have said about this subject, that I am just as fully conscious of the amount of distress in America as is the Senator from Oklahoma; and because there is more distress in Pennsylvania than there is in Oklahoma, I venture to think I am at least as anxious to relieve it. That, however, is no reason why we should adopt schemes which have been proven by the universal experience of mankind to cause more distress than they relieve. I do not want to take poison because the Nation is ill; and the Senator is offering financial poison to the people of America.

Mr. THOMAS of Oklahoma. Mr. President, I will come to that in just a moment. I want to complete the record that I am trying to make.

I last referred to the change in the trend of the times, and I quoted from Richmond, Va., that even the section here south of the Potomac is responding to the changed psychology and the changed hope that finds lodgment in the breasts and minds of the people of the Nation.

I read further:

Sixth district trade brisk.

Atlanta also reports gains in employment and wage rises.

That is from Atlanta, Ga., of date April 21.

The next news story:

Prices spur on coast.

That is away out yonder on the Pacific.

Reading further:

Numerous lines of business quickened. Gold search increases.

That is from San Francisco, Mr. President.

Then we find in the next headline:

Wheat is jumped by inflation talk.

In the next headline:

Cotton up again on heavy buying.

Is it possible that these news stories are unpleasant reading to the distinguished Senator from Pennsylvania? Is that possible?

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from South Carolina.

Mr. BYRNES. Since the Senator referred to the matter in the last few minutes I took the trouble to telephone, and I find that cotton and wheat have retained their spurt, and cotton is up a few points from the closing on Saturday.

Mr. THOMAS of Oklahoma. Mr. President, here is an important, interesting news item—and I want to assure the Senator from Pennsylvania that there could be nothing personal in my referring to him in the second person. I have stated frequently upon this floor that no Member of the Senate has more courage, is more able, more energetic, more efficient than is the distinguished senior Senator from Pennsylvania. I only regret that he is at the head of the army of which he finds himself the general. He is now a full general in this army. It is a rather disorganized army, although it is not a ragged army. It is well uniformed. The army that the Senator leads as a general has money with which to send telegrams to him. The folks that I am privileged to represent do not have that money. They cannot send me telegrams. They cannot even send letters by air mail. Three cents is almost too much for them. The wires that I get are mostly sent collect. Many of them I have to pay for myself.

There is the difference, Mr. President.

On January 28 the distinguished senior Senator from Pennsylvania made a speech in Philadelphia. This is a special article from Philadelphia to the New York Times, and I take it to be correctly reporting what happened in Philadelphia. I read the first few lines:

Philadelphia, Pa., January 29.—

This is just this year, 1933—

Terming the inflation of currency "the road to ruin for America", Senator DAVID A. REED, in an address before the Northeast Philadelphia Chamber of Commerce last night, said that the "vast body of common sense" in Washington would resist the importunities to take that "foolish" step.

Then the article goes on, but that gives the gist of the article.

Reflation, expansion of money, putting back, where people get them, some of these dollars that now are ancient history to many of them—that is inflation? That is a "foolish step"? Yet even the suggestion of the Congress and the administration taking that "foolish step" has done more to help the people of America and the interests of America than has all the legislation sponsored and passed by the party of which the distinguished Senator is an influential leader from October 1929 to March 4, 1933.

Mr. President, when the distinguished Senator made this speech in Philadelphia, Mr. Hoover was President, his President as well as ours; Mr. Mills was Secretary of the Treasury; Mr. Mellon was at the Court of St. James's; Mr. Mitchell was the dictator of the financial policies of New York City, Wall Street—if not the dictator, a most influential associate among the few that do dictate those policies—and all this time, Mr. President, the distinguished Senator from Pennsylvania was here in the Senate seeing to it that nothing was done to check the deflation and permit reflation. In other words, until the 4th of March the distinguished Senator from Pennsylvania, the leader and full general of that army, prevented America from even entering upon the "road to ruin."

Now, let me call attention to what happened during the closing days of that historic and never-to-be-forgotten administration.

I need not remind the Senator from Pennsylvania and the Senate of the United States that the reign of Mellon, Mills, Morgan, and Mitchell closed on March 4; that at that time every bank in America was closed; 13,000,000 men were unemployed, meaning, with their wives and children, perhaps 50,000,000; trade was stagnated; business was paralyzed; smokestacks were smokeless; dinner pails were empty; taxes were unpaid; interest was in default; incipient revolutions were widespread; individuals, corporations, counties, cities, and most of the States were accepting doles from the Government, which in effect placed such individuals, corporations, and municipal subdivisions in the Federal bread line. Mr. President, the policy of deflation sponsored by the distinguished Senator from Pennsylvania, and led by him in the Senate, not only entered America upon the road to ruin but led America to ruin.

There is the picture on March 4, 1933, at 12 o'clock; and I have just tried to portray to the Senate what has been accomplished in the past 6 weeks. Although no act on the subject has been passed, even the discussions here upon this floor and in the other body of Congress and in other halls and chambers of this city where policies are considered and made, even the discussion of a reversal of that policy has done more to bring back our lost prosperity than all the acts considered and passed by the administration that ended only a short time ago.

Mr. President, in conclusion—and I am almost through—I desire to place in the RECORD some facts, and I invite the attention of the Senator from Pennsylvania to the consideration of these facts. I alluded to these facts when I began my remarks shortly after 12 o'clock. I want to show, if I may, for whom the Senator speaks—and I make no charge. I do not think he knows that he speaks for the people to whom I shall allude; but in my opinion he does speak for them, even though he has not discovered it yet.

Mr. President, only recently we had 57 billions of resources in all the banks of America. If my knowledge is correct, each one of those dollars represented in buying power, in financial wealth, the sum of \$2.44. If that is true, then that wealth, that power represented by \$57,000,000,000 of resources, had added power—financial power, purchasing power, buying power so far as the farmer is concerned—in

the sum of \$139,365,000,000. In other words, the banks, to pay their depositors, would have to collect from their borrowers that much money in value. They never could collect it, because it is a physical impossibility for farmers and laborers and merchants and lumbermen and miners to get that much money at the high price at which the dollar is valued now to pay their obligations to the banks; and the banks, failing to collect from the borrowers, could not pay their depositors. So this is not only a farm-relief measure; it is a bank-relief measure. Without this amendment, or some similar amendment, not a single bank in America can ever pay its depositors—not a single bank. Either this amendment or some similar amendment must carry, or not a single bank—North, South, East, or West—within the confines of America has a chance to get enough of these \$2.45 dollars to pay the depositors who have credit in that bank.

As a rule, the bankers are not against this amendment. In my State last year, when I was trying to get more money into circulation through another means, the bankers of my State, apparently not understanding what I was trying to do—and I could not make them see it, through my inability—were not for my proposal. But times are so changed in Oklahoma that I do not know of a single bank in that great State today that is not back of this proposal. The banks must have it or they will close.

Mr. President, that is not all. These bank resources, as I have said, are worth \$139,000,000,000. That is their buying power, their purchasing power. It is necessary for the banks to obtain possession of that much wealth in order to pay the depositors. On the other hand, the borrowers must get that much wealth to put into the banks to enable the banks to pay their depositors. So this proposition neutralizes itself, and as a rule the banks of the country are not particularly interested in the proposal, save that if they know anything about it they are for it; but if they have been following the philosophy of the Senator from Pennsylvania and some of the papers, they do not think, they take what they hear as the gospel truth, and believing what the Senator from Pennsylvania says, and his interpretation, they believe they are to be ruined and that the country is to be ruined if we debase the dollar by a single penny.

Mr. President, there is a bunch of banks in New York which do not take that view about this matter—about 13 banks in New York City. Let me enumerate those banks, and then deduce my conclusions from the evidence. On December 31, 1931, the National City Bank of New York had resources in the sum of \$1,857,000,000. On that date the other banks in New York City of this group to which I have referred had resources as follows:

The Chase National Bank.....	\$1,983,000,000
The Guaranty Trust Co.....	1,494,000,000
The Bank of Manhattan Trust Co.....	461,000,000
The Bankers Trust Co.....	745,000,000
The Central Hanover Bank & Trust Co.....	756,000,000
The Irving Trust Co.....	621,000,000
The Manufacturers Trust Co.....	502,000,000
The New York Trust Co.....	323,000,000
The Public National Bank & Trust Co.....	120,000,000
The Empire Trust Co.....	170,000,000
The Marine Midland Trust Co.....	86,000,000
The City Bank Farmers Trust Co.....	70,000,000

Those 13 banks had total resources in the sum of \$9,193,000,000. That was the face value of those resources. That was only 13 banks in New York City. I did not mention the smaller banks. It is safe to say that, taking the joint resources of the smaller banks, not mentioned, and adding them to the resources of the banks I have mentioned, in that one city alone the banks have total resources with a face value in excess of \$10,000,000,000.

Mr. President, are these banks limited to the \$10,000,000,000 when it comes to buying power, to purchasing power, to financial power? No; these banks have the resources, the buying power, the purchasing power, of \$10,000,000,000, but that is not all. They have this enhanced buying power. As measured by the farmers' dollar, each dollar of their resources means \$2.44. As measured by the entire list of

commodities, each dollar of their resources amounts to \$1.70.

I am pitching this discussion on the basis of the agricultural States, and I make my computations on the basis of the farm. These banks in New York City, having \$10,000,000,000 of resources, have buying power, have purchasing power, have financial power, have political power, in the sum of \$24,450,000,000.

It is a simple calculation. Ten billion equals 100 percent; 1 percent equals \$100,000,000; 244½ percent, which is the number of cents to the dollar, times 1 percent gives us the result. Twenty-four billion four hundred and fifty million dollars is the total buying, financial, political power of those banks in New York City.

If this amendment carries and the dollar should be reduced in buying power, to the extent of the reduction these resources will be taken away from those banks and placed back on the farm, placed back in the mine, placed back in the lumber camps, placed back in the fisheries, placed back with those who are in debt.

Mr. President, if we cut the dollar half in two and make it worth only \$1.22½, these banks then will still have more than \$2,000,000,000 of buying power, financial power, political power, which they did not earn, which they did not buy, a gift through the policy of the administration at Washington.

Mr. President, that is not all. There are \$21,000,000,000 of United States bonds in the United States. Those bonds are held by men and women of wealth. The United States owes \$21,000,000,000 of bonds, so far as figures are concerned, but the United States owes more value than that. The United States owes more buying power than twenty-one billion. It owes more financial power than twenty-one billion. If the farmer had to pay those bonds, the farmers would have to raise \$2.44½ to liquidate each dollar of that twenty-one billions of bonds. How much would that \$21,000,000,000 take? The farmers of the United States must toil and sweat and produce commodities and sell them to the extent of \$51,345,000,000 to retire that bonded obligation.

Do these misguided, deluded bondholders believe they are going to collect \$51,000,000,000 of wealth, of sweat and toil, of wheat and cotton and oats and meat, from the farmers of the United States to pay that obligation of \$21,000,000,000?

Those bondholders did not pay \$21,000,000,000 for the bonds. Many of those bonds were purchased with a 50-cent dollar, on the basis of an 85-cent bond. I will not go into that detail. I am presuming that the standard level of 1926 was the point at which all those bonds were purchased, and, taking that as the basis, those bonds today, to be liquidated by the farmers, would cost them \$51,345,000,000.

Mr. President, that is not all. The States have bonds outstanding, the counties have bonds outstanding, the cities have bonds outstanding, the districts have bonds outstanding, corporations have bonds outstanding, and it is estimated that there are bonds of those classes outstanding to the extent of \$50,000,000,000. Is that all the wealth that is represented by those bonds? No. If the farmers have to pay those bonds—and they must pay their share—they cannot liquidate \$50,000,000,000 of State, county, city, district, and corporate bonds with \$50,000,000,000 of wealth. They must produce dollars worth \$2.44 to liquidate each dollar of those bonds. That being true, how much wealth must they produce in order to liquidate \$50,000,000,000 of State, county, city, district, and corporate bonds? The computation is easy. Make the computation and you will find that they must raise, produce, and sell to the extent of \$122,251,000,000 of buying power and of wealth in order to liquidate the corporate bonds and the city bonds and the State bonds and the county bonds and the district bonds of this Republic.

Mr. President, let us add those figures. The bank resources, based upon the present value of the dollar, are worth today \$139,000,000,000. United States bonds, based upon the present buying power of the dollar, are worth

\$51,000,000,000. The bonds issued by cities, counties, States, and corporations, based upon the present buying power, are worth, in the products of the sons of toil, \$122,000,000,000. So that in order that the people of the United States may get rid of their national bonds, their State bonds, their county bonds, and the other bonds they must produce and sell products in the sum of \$312,000,000,000. The face value is only \$128,000,000,000. There are almost \$200,000,000,000 of wealth—of corn, of wheat, of cotton, of hogs and cattle, human sweat and toil—which must be produced and expended to pay money to a class of bondholders who did not earn the money, who did not buy the money, who do not deserve to keep the money, and that is the reason why I stated a while ago that this single amendment has more possible significance than any proposal that has ever come before the American Congress or any parliament in the history of the world.

If this amendment should be enacted, and if it should be exercised to the extent of 50 percent, and the dollar cut half in two, it would transfer that wealth from those who do not own it to the other side of the ledger, and still the bondholding class would have billions they did not buy and did not earn, and the producing class would not have as many billions as they deserve.

Mr. REED. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. REED. Can the Senator give us any assurance that this power to cut the dollar half in two, as he states it, would be used by the President if Congress were to give the power to the President?

Mr. THOMAS of Oklahoma. Mr. President, the Senator knew in advance of asking that question, or he should have known, that, in the first place, I could not answer the question, because I do not have the facts now which the President would have when he proceeded to exercise the power; and, secondly, if I know, I doubt whether I would tell the Senator from Pennsylvania upon the floor of the Senate.

Mr. REED. The Senator implied that he knew, when he said that \$200,000,000,000 of property are to be taken from one class and given to another, and that that is why this amendment is the most important thing since Adam and Eve.

Mr. THOMAS of Oklahoma. No, Mr. President; I said that if that were done, it would not be enough, that people would still have property and wealth in the United States which they did not buy and did not earn, and that, on the other hand, another class—the debtor class, the farming class, the city class, the working class, the middle class—would not have as much transferred to them as they would have if the Government did exact justice by them.

Mr. REED. I understood. The Senator would take all this wealth from Mr. J. P. Morgan and give it to the voters. Perhaps there would not be enough left for the voters to get.

Mr. THOMAS of Oklahoma. I am not going to prophesy from whom it is to be taken. I think I know of some from whom it will be taken. If there is a bunch of hogs in a lot, and if we throw a rock over there and hit one of them, he will squeal. When we hear a man squeal in this contest we may just put it down as a safe proposition that he either has been hit or is likely to be hit.

Mr. President, the other day the Senator from Pennsylvania, within his prerogative, asked the Nation to advise him and the other Senators and Representatives whether or not they wanted this amendment to be agreed to; in other words, whether or not the people of the Nation wanted the United States to enter upon the road to ruin.

I did not receive any telegrams from my State in response to that appeal. It really was not necessary for anybody in my State to send me a telegram, and, on examining my file, I find I received none from my State. But I find that there are some people in the United States with enough money to send telegrams who do not agree with the distinguished Senator from Pennsylvania. The first one I received was from Hutchinson, Kans. This is in direct response to the appeal made by the Senator from Pennsylvania, and I want

to read these telegrams, because they are interesting. This telegram from Hutchinson is addressed to me and reads:

A former Kansas Republican county chairman extends congratulations on your courageous fight for equitable debt adjustment and dollar revaluation. New hope inspired in all classes here. Mills says poor people with insurance and savings to be hurt under his policy of deflation. This class cashed their insurance and spent their savings.

C. E. KING,
Former Republican County Chairman,
Reno County, Kans.

Mr. President, I have another telegram from Atlantic City, N.J., in response to the request of the Senator from Pennsylvania. It is dated April 23, is addressed to me, and reads as follows:

ATLANTIC CITY, N.J., April 23, 1933.

Senator ELMER THOMAS,
Washington, D.C.:

Answering Senator REED's request for telegrams, we urge that your currency bill be passed as written, but as a separate measure. This bill seems well designed to carry out several sound recommendations of committee of the Nation. Imperative for business recovery that destructive opposition of REED not be allowed to change any essential part of program. We were Hoover supporters, but repudiate present Republican attitude.

KENTS RESTAURANT & BAKING CO.,
By KENNETH B. WALTON, President.

The next message, Mr. President, comes from New York City. This gentleman must have a little money because he sends a telegram of about three pages. He could not say as much as he desired in support of this proposition on one page, so evidently he took as much as necessary. Here is the message addressed to me:

NEW YORK, N.Y., April 22, 1933.

Senator ELMER THOMAS,
Senate Office Building:

For your information I have sent Senators REED, WALCOTT, Representatives LUCE, SNELL following telegram: "The overwhelming majority of Americans are astounded at your statement criticizing President Roosevelt's most constructive and essentially necessary currency-expansion program to restore an honest dollar and prosperity. Do you wish President Roosevelt to follow the past administrations' deflationary policy of maintaining an unfair, if not dishonest, dollar which was destroying agriculture, commerce, and industry? Do you want our financial and economic policy to be directed from London for the advantage of Great Britain and to our economic destruction? My firm does one of the largest commodity brokerage businesses in the world, and, for your information, during the past few days due to the belief that controlled inflation would be accomplished, America's greatest industry, the cotton industry, has been transformed from gloom and depression to optimism and is actually doing the best business in years, and our mills are putting tens of thousands back to work."

Is it displeasing to the distinguished senior Senator from Pennsylvania to learn that the mills are reopening and tens of thousands of people are being placed back to work?

Reading further:

"You will find this true of other businesses. I am a member of the Committee for the Nation, composed of approximately 500 presidents or chairmen of the board of America's largest industrial corporations, also having representatives of more than 5,000,000 of farmers; our committee is not only advocating but urging the nationalization of our gold and revaluation of the gold ounce, so as to permit the direct issuance of 75 percent more currency. This would permit recalling billions of tax-exempt bonds, which are destroying our country economically. Your reference in comparing our currency-expansion program to Germany is so ridiculous that it is not worthy of answering, except that it comes from what should be a responsible source. If you will look in the records 14 years back, you will find that Germany was a bankrupt, defeated nation, without gold reserve, without national resources of commodities and raw materials, and owing untold billions of dollars to other nations, and having absolutely nothing on which to expand or inflate her currency. Germany was even then without a stable government, whereas the United States has approximately half the monetary gold supply of the world, unlimited national resources of wealth, commodities, and raw materials, and is not a debtor nation, but the world's greatest creditor nation; therefore the United States has the strongest foundation on which to expand her currency and thus restore an honest dollar. After consideration, I hope that in the interest of our country you will cooperate in eliminating the existing unfair, if not dishonest and thieving, dollar which is destroying our country, and use your best efforts for currency expansion, so as to restore an honest dollar, which is so vital for the recovery of agriculture, commerce, industry, and our national existence and happiness."

You are at liberty to place same in the CONGRESSIONAL RECORD.
Best regards,

ROBERT HARRISS.

Mr. President, then I have here a telegram from Greeley, Colo., addressed to myself, as follows:

GREELEY, COLO., April 21, 1933.

Hon. ELMER THOMAS,

Senate Office Building, Washington, D.C.:

We extend our congratulations. Majority of western people are very anxious for success of your proposed inflation measures. Our opinion that they are the greatest and only practical relief measures offered that can relieve us from this depression. Let us know if we can assist you.

WELD COUNTY BIMETALLIC ASSOCIATION.

The last message that I will call to the attention of the Senate is from South Bend, Ind., my native State—and, by the way, it is a great farming State and likewise a great industrial State. The message is as follows:

SOUTH BEND, IND., April 21, 1933.

Hon. ELMER THOMAS,

Senate Office Building, Washington, D.C.:

It is most significant that just the publicity about prospective inflation has brought such a tremendous improvement in prices and general psychology. It is therefore, I believe, most obvious that achievement of actual inflation through contemplated legislation will bring about a far greater advance in prices, and with the resultant buying power of the Nation the entire country would soon be on the road to complete recovery and prosperity.

That message is signed by Vincent Bendix, of Chicago, the head of one of the great industrial concerns of America.

Mr. President, I want to sum up just in a word to show what will happen, in my judgment, if this amendment shall be adopted and written into law and the powers conferred shall be exercised by the Chief Executive under the spirit and incentive and impulse of the preamble of the Constitution acting for the best welfare of America.

If this amendment should be adopted this, in my judgment, is what will happen:

First. Owners of bank deposits will immediately begin to convert such deposits into commodities, real estate, and property, to secure the benefits of the advance in price and value.

Second. Owners of collateral will begin immediately to negotiate loans in order to be able to take advantage of the rising prices.

Third. Merchants will begin to place orders for goods to restock their empty shelves.

Fourth. Wholesalers will begin to place orders for additional stocks to supply increasing demands.

Fifth. Manufacturers will take chances on opening their factories, thus making demands for raw materials.

Sixth. Such activities will make business for the railroads, transportation companies, transmission companies, and the banks.

Seventh. Labor will be employed and additional demands will arise for the products of the farmers, hence stimulate and raise farm and commodity prices.

Eighth. Bank credit and bank deposits will be thawed out, and banks will become active once again.

Ninth. Value will be replaced in all kinds of collateral and securities.

Tenth. Credit will be in demand and will begin to expand and revolve.

Eleventh. The people will be able to secure money with which to pay taxes, interest, and debts.

Twelfth. The amendment, if adopted, will continue the advance now noted in all lines of public and private activity.

Mr. President, inasmuch as the gold clause is under discussion, and inasmuch as, if the power conferred by this amendment is finally exercised, the gold clause will probably reach the courts, I ask unanimous consent to attach as exhibit A to my remarks a portion of a syndicated article prepared by Mr. Mark Sullivan.

THE PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit A.)

Mr. THOMAS of Oklahoma. As a second exhibit, I ask to have printed a statement relative to the English case recently cited involving the identical point whether or not the Government has the power to evaluate or reduce the gold content of the unit value.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit B.)

Mr. THOMAS of Oklahoma. I ask permission to insert a news article appearing in yesterday's newspapers prepared by Mr. J. R. Brackett under the title "Inflation—What It Is."

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit C.)

EXHIBIT A

THE COURTS AND THE GOLD CAUSE

By Mark Sullivan

Suppose, now, either that the United States go "off the gold basis" in the sense of printing or minting great quantities of paper or silver money, or that the size of the gold dollar be reduced.

The present gold dollar "of present standard of weight and fineness" contains 25.8 grains nine tenths fine, or 23.22 grains of pure gold. Let us assume now that Congress reduces the quantity of gold in the dollar to, let us say, 20 grains, or 15. Or let us assume that Congress, by one act or another, puts the country's currency "off the gold basis."

In that event what would be done about all these billions of dollars of bonds, mortgages, and other contracts containing the old "gold clause"?

The universal assumption has been that the creditor could continue to demand and insist on getting gold dollars of the old size, weighing 23.22 grains. Especially has that been assumed by the creditors.

The question, of course, would go into the courts, ultimately to the Supreme Court. What the Supreme Court would do is a thing about which there can be only surmise.

There is, in short, difference of opinion about what the courts would now do, under today's circumstances. In any event, there is a probability at least that the courts may now have occasion to pass on the "gold clause" again.

A recent and extremely important and interesting case arose last year in England. I suspect practically every lawyer in the United States will be looking this case up shortly—for a similar case, many similar cases, may arise at any time in any county court in Illinois or Iowa or Kansas or California.

In 1928, in England, a Belgian company, the "Société Intercommunale", borrowed £500,000. They gave in return bonds. In the bonds was a "gold clause", similar to the American one, stipulating that the company would pay "in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on the 1st day of September 1928."

Last year, when interest came due, a holder of a bond demanded gold. In the meantime Great Britain, on September 20, 1931, had "gone off the gold basis" and the paper pound had become worth approximately \$3.20 as against the value of a gold pound, which was and is \$4.86.

The debtor company tendered paper pounds. The holder of the bond refused that form of payment and the case went into the British High Court of Justice, Chancery Division. This court handed down its decision on October 27 last. In part the court said that the obligation was to pay "£100" and that if the sum were now paid in gold the payment would actually be more than a hundred pounds. "It is not a bullion contract. . . . The contract is a simple contract to secure payment of a sum of money, and if the defendants tender the sum in whatever might happen to be legal tender at the date the payment was due they have discharged their obligation. . . . In this country there are certain things—paper and metal—which are legal tender, and for the purpose of paying a debt a tender of the appropriate amount of any of those symbols is sufficient to discharge the obligation. . . . This is not a contract for the delivery of gold; it is a contract to pay a sum of money."

This decision was in the lower court. The case was carried to the British Court of Appeal and the decision was confirmed. The case is still subject to final appeal to the House of Lords.

EXHIBIT B

THE ENGLISH CASE

Mr. Justice Farwell's decision in the case of *Feist v. Société Intercommunale Belge d'électricité* must have come as something of a shock to all holders of foreign-issued bonds bearing a "gold" clause. The company had issued £500,000 of "gold" bonds, and in both the bonds and the coupons it undertook to make payment "in sterling in gold coin of the United Kingdom of or equal to the standard of weight and fineness existing on September 1, 1928" (varying dates necessarily appeared on the coupons), and the plaintiff contended that the company was therefore obliged to make payment in gold coin or in its bullion equivalent.

Here, surely, was a "watertight" gold clause, if ever such a clause can be, for it not merely specified payment in gold coin, but actually defined its weight and fineness.

Mr. Justice Farwell ruled, however, that the document was inconsistent: that on the one hand it was an undertaking to pay a defined sum of money, namely, £100, and on the other it

seemingly undertook to pay an unascertained sum; that the former was the true meaning, and the payment could therefore be satisfied in current legal tender.

EXHIBIT C

INFLATION—WHAT IT IS—ADVOCATES HOLD IT WOULD RAISE PRICES BY CHEAPENING VALUE OF DOLLAR

By J. R. Brackett

NEW YORK, April 22.—What is inflation?

Advocates define it as:

1. A means of raising prices, particularly those prices which have fallen most.

2. A plan to raise these prices by reducing the value of the dollar through regulation of the money system.

All of the many plans now being proposed in Congress are based on these two points, whether by use of silver, more currency, lessening of gold content of the dollar, or more credit.

The keynote is to cheapen money in order to raise prices. Money is, in a sense, a commodity, and the price of it is determined in part by supply and demand.

TODAY'S DOLLAR DEAR

Cheapening the dollar is the reverse way of saying raising prices. The dollar today is dear, prices are low. In 1929 the dollar was cheap, prices were high.

Suppose it were possible to combine a sample of all the commodities bought and sold in the United States. Suppose this sample was worth \$1 in 1926. Today such a sample would be worth about 60 cents. Commodities include everything from food to cement.

COMMODITIES PAY COSTS

On the other hand, suppose it were possible to combine a sample of all the interest charges paid on debts, railroad rates, public-utility rates, long leases, and other items which change but little in cost. Such a sample would be about as expensive today as it was several years ago.

To get money to pay these fixed costs, the merchants, manufacturers, and farmers must sell commodities. They must sell nearly twice as many commodities today to meet those fixed costs as in 1929.

The purpose of the inflationist is to raise the price of the commodities so the costs may be easily met. The difficulty in meeting them in the depression has meant bankruptcy, foreclosure, and default—in a word, deflation.

WOULD MAKE MONEY CHEAP

Inflationists would meet this difficulty by raising prices with cheapened money.

Suppose dollars were for sale in the stores and could be purchased with the sample of all commodities described above. In 1929 the merchant asked one sample for \$1; today he asks two samples for \$1.

It costs about twice as much to buy a dollar. Money is expensive to buy. Inflationists would make it cheap.

INCREASING THE AMOUNT

In general, they would bring this about either by actually increasing the amount of all money in the country, or by devaluing the dollar by reducing its gold content.

The first plan makes money cheap by increasing the amount of it.

If the merchant above had a large supply of dollars he would sell them cheaper. If the whole Nation had more dollars it would willingly pay more of them for the sample of commodities.

REDUCING THE GOLD

The second plan would reduce the gold content of the dollar. If the gold content were cut in half, the gold would go twice as far in backing the currency, and would, the plan's proponents hold, have a lifting effect on commodity prices.

Many economists and financial observers believe a process of inflation started some time ago when the Government attempted to hasten the reopening of banks and planned the easing of mortgages, among other things.

These plans, they say, would bring money in closed banks back into use and would increase the liquidity of frozen funds in mortgages. Such an inflationary process is viewed as temperate and possible of control.

Mr. TYDINGS obtained the floor.

Mr. REED. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Pennsylvania.

Mr. REED. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bratton	Copeland	Frazier
Ashurst	Brown	Costigan	George
Austin	Bulkley	Couzens	Glass
Bachman	Bulow	Cutting	Goldsborough
Bailey	Byrd	Dickinson	Gore
Bankhead	Byrnes	Dieterich	Hale
Barbour	Capper	Dill	Harrison
Black	Caraway	Duffy	Hastings
Bone	Connolly	Erickson	Hatfield
Borah	Coolidge	Fletcher	Hayden

Johnson	McKellar	Reynolds	Townsend
Kean	McNary	Robinson, Ind.	Trammell
Kendrick	Murphy	Russell	Tydings
Keyes	Norbeck	Schall	Vandenberg
King	Norris	Sheppard	Van Nuys
Logan	Nye	Shipstead	Wagner
Loneragan	Overton	Smith	Walcott
Long	Patterson	Stelwer	Wheeler
McAdoo	Pittman	Stephens	White
McCarran	Pope	Thomas, Okla.	
McGill	Reed	Thomas, Utah	

The PRESIDING OFFICER. Eighty-two Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, I think we should approach consideration of the pending amendment by admitting that a very many, certainly most, of the facts adduced by the Senator from Oklahoma [Mr. THOMAS], if not all of his conclusions, are true. There is no doubt in the world that people have borrowed money which at the present prices they cannot repay. There is no doubt in the world that people bought stocks and bonds. A policy of inflation will cause those bonds and stocks to decrease from their present-day value. There is no doubt that the debtor in this respect would probably be benefited if it were rationally and equitably carried through as a policy.

There are certain factors, however, in connection with the subject matter which ought not to be overlooked and which it seems to me up to the present time at least have received no consideration. I want to start what I may say by calling attention of the Senate to a paradox. Everybody in this Chamber, in fact in all the parliaments of the world, daily make use of the utterance that "the depression is world-wide." Yet all the cures for that depression which are offered are internal and not international cures. We are in the position of a man who is covered from head to foot with a disease. Our cure for the disease is to make well one part of the man's body, assuming that the other parts will as a matter of consequence get well of their own weight. If the depression is world-wide the cure must be world-wide. If the depression is internal, then the cure must be internal. Any other premise upon which an argument is based must of necessity be fallacious.

I want to begin by reading the words of Woodrow Wilson sent to the Congress of the United States right after the World War, because while he did not picture the situation with great clarity or with great foresight, apparently he did visualize that at this time we would be in this situation by a pursuit of the policy which we have adopted for the past 18 years since the World War started. Here is what President Wilson then said. This was a message sent to the Congress on January 3, 1921, and I quote in part:

Large Government credits were extended during the war to certain European governments associated with us in the struggle. These ceased several months after the armistice, except for commitments already made either directly or indirectly. The recent Brussels Conference—

Mark these words, Senators!—

The recent Brussels Conference, composed of experts from many European countries and from other nations, itself expressed the opinion that further credits should not be accorded directly by governments. I do not believe that they should be accorded indirectly. Exports of domestic products have not declined since the armistice. On the contrary, they have greatly increased. From an aggregate value before the war of less than \$2,500,000,000, and of about \$6,000,000,000 the last year of hostilities, they rose in the calendar year of 1919 to more than \$7,900,000,000, and this figure will probably be exceeded for the last calendar year. For the first 11 months of the last calendar year we exported more than \$7,500,000,000 worth of domestic merchandise. These have been largely privately financed. The difficulty in the way of still larger exports does not seem to lie so much in the lack of financial ability here as in Europe's lack of means to make payment. Her productive energies and the services which she renders have not yet reached the point where they balance the value of commodities taken from this Nation, and her ability to furnish for additional exports securities which business men would feel justified in taking is restricted. The experts of the Brussels Conference reported that "one of the chief obstacles to the granting of credit is the absence in borrowing countries of securities for ultimate payment." Until this obstacle is removed it is difficult to see how materially larger exports to Europe are to be made, even if exporters, aided or unaided by Government finance, stand ready to do their part.

Listen to this statement:

It is remarkable that Europe is able to make effective demand for as large a volume of our goods as she is making. It is gratifying evidence of her recovery and progress toward full production and sounder financial condition.

I could read more, but I shall not do so.

How many of us in this Chamber realize that the balance of trade of the United States with the remainder of the world has been in our favor each and every year since 1893? There has not been in that 39-year period one year when we did not sell to the world more of our products than the world sold of its products to us. Indeed, to be exactly accurate, during that period of time we have sold to the world \$36,000,000,000 worth more of the products produced in this country than the world has sold to us—a \$36,000,000,000 balance of trade in the 39-year period, almost \$1,000,000,000 a year favorable trade balance.

Does inflation take account of that fact? Does inflation take account of the fact that since 1920, or, in other words, commencing with 1921 we have sold to Great Britain alone \$6,000,000,000 worth of our products more than she has sold of her products to us—twice the present value of the war debt to this country—\$6,000,000,000 worth of farm products principally, forsooth, that have left this country and found purchasers over in Great Britain. Does inflation take into consideration that fact involving a favorable trade balance with one nation of \$6,000,000,000 in the last 10 years? How many of us are keeping in mind the fact that one third of our exports are the product of the farm? Does inflation take into account that fact? If it does, I fail to see where it is applied.

Nothing in the world will compel us to assume a policy of isolation more than does the pending proposition, in my judgment. It is a policy of America living unto herself. We are saying good-bye to the rest of the world in the face of the fact that during the last 39 years we have sold \$36,000,000,000 more of our goods to the world than the world has sold of its goods to us. Are the farmers of the West and the farmers of the South ready to pay that price? Are they ready to say good-bye for all time to their export market? Remember, we are exporting nearly 20 percent of our total agricultural production. Are the farmers of America ready to say good-bye to that for all time? That is what is being said in this amendment, because it means isolation for America.

Mr. CONNALLY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Texas?

Mr. TYDINGS. I yield.

Mr. CONNALLY. The Senator says the adoption of the amendment means isolation. Is not the whole theory of the bill to use its provisions for the purpose not of bringing about isolation, but bringing about an international agreement as to a new standard of money and currency so as to make the standard fair and uniform and facilitate trade with the whole world, rather than to isolate ourselves by pursuing our own policy without regard to what foreign nations are doing?

Mr. TYDINGS. I am glad the Senator has asked that question. I had not intended to come to it for a little while, but I will come to it now.

When the World War was over our Allies said they could not pay the war debt in full. President Harding sent a recommendation to the Congress and as a result of that recommendation the Congress created the World War Foreign Debt Commission. Then we revised the debts that every nation owed us, scaling them down. We refunded the debts on a lower plane than that which formerly existed. In the case of Italy, she received an equivalent reduction of about 80 percent. In the case of France and Belgium the reduction was about 50 percent. In the case of Britain, it was about 30 percent, for while the British pay us 3 percent interest for the first period of years and then 3½ percent, the Italians pay only one eighth of 1 percent upon their bonded

indebtedness. So that, figured on the basis of the price at which foreign bonds sell today, we have in reality made a reduction of Italy's debt of 80 percent and of the British debt of 30 percent.

How much gold was there in the world at that time? There was about 11½ billion dollars. In 1931 over one fourth of that was in this country, because at that time we had \$4,000,000,000 worth of gold. That was more than one fourth of the total monetary gold stocks of the world; yet in the case of Great Britain alone we required that she pay us \$500,000,000 annually in gold to settle her unfavorable balance of trade with this country, and an average of \$180,000,000 a year as installments upon her war debt, making a total of \$680,000,000 a year that must come in gold from Great Britain to the United States. Great Britain has only \$715,000,000 worth of gold; she has only \$250,000,000 worth of silver, or about \$1,000,000,000 all told; and yet we have required Great Britain to pay us three quarters of her entire monetary stock each and every year since the debt settlement down to 1933.

Nobody can deny a single figure I have mentioned. If there is any dispute about it, let somebody rise now and say where the error lies.

Talk about making international currencies equal! Talk about stabilizing the monetary systems of the world! I believe the time has come to be truthful in this matter, and not to wave the American flag unless the American flag ought to be waved. I say that the policy of this Government ever since 1920 has been to drive Britain eventually off the gold standard, and there is no escape from it. It is the only way she could balance her budget and continue to exist. Every economic fact that enters into the matter is true; and yet we gave our best customer, which since the war has paid in unfavorable trade balances twice the amount of the debt, a reduction of only 30 percent in the settlement. We gave some other countries which were not as good customers of our products as was Great Britain an 80-percent reduction.

What happened? Talk about stabilizing the money values of the world! As soon as we demanded the payment of the war debts and the private debts and the trade balances in gold, every country that had silver money called in the silver money and melted it up into bullion and traded it for gold, selling it on the world silver market. To this hour 541,000,000 ounces of silver have been gathered in by the governments of the earth and melted up into silver bullion and thrown upon the world's silver market, glutting it and driving the price from \$1 down to 25 cents an ounce. Sixty percent of all the countries of the world are on a silver basis, and they must translate their silver money into gold before they can come and buy the products of our farms and our factories and our mines.

Is it any wonder? We demanded payment in gold, did we not? Can we blame these governments that owed us money, whose trade balances with the United States were unfavorable, whose war debts had to be paid in gold, whose private debts had to be paid in gold, for getting all the gold they could lay their hands on with which to discharge their obligations?

The 541,000,000 ounces of silver money which has been demonetized and melted up and thrown on the world's silver market is one thirtieth of all the silver produced in the world since Columbus discovered America. I owe my summary of these figures to the industry of the Senator from Arizona [Mr. HAYDEN], who secured these facts from our commercial attachés throughout the world, and who gave them to me the other day, for which I am deeply obligated. That amount of silver, by a natural calculation, is one thirtieth of all the silver produced in the whole world since Columbus discovered America. Is it any wonder that the silver currencies have depreciated? But who compelled them to depreciate, if not the United States, which demanded payment only in gold? Then we want to blame England and France and Italy and Belgium and India and all these other countries for doing only what, by the sheer force and working of economic laws, was inevitable.

Now we come along, at this belated hour, when the horse is out of the stable, and try to lock the door. Now we come along, realizing that the price of silver has gone away down to nothing, and carry in this very bill a provision to accept \$100,000,000 of silver in payment upon the war debts. What a pity we did not do that 4 or 5 or 6 or 8 years ago, and arrest the decline of silver, and keep our markets with the Orient and with South America and with Mexico!

The citizen of Bombay, India, has to take 5 of his silver pieces to buy 1 American gold dollar today, where he used to take 2 of his silver pieces to buy 1 only a few years ago. A Ford automobile in India today costs about \$2,700; 5 or 6 or 7 or 8 or 10 years ago one could be bought there for about twelve or fourteen hundred dollars. Is it any wonder that we are not trading with the Orient? Is it any wonder that the nations which have to pay us with gold are depreciating their gold basis so that they can get down upon a plane where the international exchange will make trading with those countries favorable? Are we not forcing them to do it?

Notwithstanding the fact that our balance of trade with the world has been favorable for 39 years, in 1920 we passed the Fordney-McCumber Tariff Act. We had the idea in this country that we could keep on selling to every nation in the world and keep them from selling anything to us. We had the idea that there were no smart men in those other countries; that they would sit by and see us bar their goods and would not bar our goods in return. This depression was only postponed by the fact that during the last 12 years we have loaned \$15,000,000,000 to foreign governments. Since 1920 the amount of the foreign governmental loans sold in the United States was around \$15,000,000,000, and they were paying us the unfavorable balance of trade which they owed to the United States with the money that we were lending to them. They were paying off their unfavorable trade balance with the money that we were sending abroad and spending and circulating there. When we quit making these foreign loans the trade declined precipitately. The minute no more of our money went abroad, as I have shown by the total amount of gold stocks in Great Britain, there was not enough gold over there to keep the show going.

It is said that we ought to make England get back on the gold standard. It is said that we ought to make France get back on the gold standard. Then we ought not to put into operation the policies which, in the very nature of things, drive them off the gold standard. There is no escape from it—not the slightest bit.

This business of thinking that the United States is always right and the rest of the countries of the world are sitting around scheming how they can take advantage of us is more demagogic than actual. We have built up our prosperity not alone through the efforts of our own people but through the foreign money which poured into this great potential theater of endeavor and operations from abroad. Prior to the World War foreigners invested in our railroads and in our industrial establishments and in our banks and in our property and in our mines by the billions of dollars because they knew there was a great opportunity here for return, and that the money would be safer here than at any other place on earth. During the same time we sent back, every year, a great amount of gold to foreign countries in dividends upon those investments, or in amortization of the bond issues, or in interest on the bond issues. So, while they were sending their gold over to us to pay us for their unfavorable balance of trade, we were sending gold back to them to pay dividends on the investments they had made, and gold flowed back and forth and the world was in balance. We were a debtor and an exporting nation. Today we are a creditor and an exporting nation, and the gold is all coming this way; and there is only eleven and a half billion dollars' worth of it in the whole world. Imagine a pile of gold 35 feet long, 35 feet wide, and 35 feet high and you have all the gold under God's sun.

Does a policy of inflation take into account the fact that sooner or later the time will come when we cannot keep one foot on the international road and one on the road of

isolation? We shall have to walk one road or the other. I am not rising, may I say to the Senator from Oklahoma, to direct opposition to his proposal. There is much justice in it. There is much sense in it. All I am attempting to point out is that we are at the parting of the ways. We shall have to go back on all our history, we shall have to go back on \$36,000,000,000 of favorable trade balances in the last 40 years, we shall have to cut loose from all the world—and, incidentally, the war debts plus our private loans to governments, amount to \$23,000,000,000, and we on top of that have loaned another \$3,000,000,000 to foreign corporations. We have 26 billion invested throughout the world, only about 10 billion of which are war debts; and the interest on that, at 5 percent, brings in a billion and a quarter dollars in gold a year. Do we want to say good-bye to that?

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Maryland yield to the Senator from Pennsylvania?

Mr. TYDINGS. Yes; I yield.

Mr. REED. Is it not a fact that if we debase the dollar by cutting its gold content in half, we are thereby canceling half of the present debt due to this country from foreign nations?

Mr. TYDINGS. There is no question about it; and the next step will be, and I can hear the Senator from Pennsylvania now, "We need more tariffs", because this is the road of isolation, and who is going to refuse them? What are you going to do, Mr. Cotton Farmer who raised this pound of cotton for 5 cents a pound, when one half of your world market is gone? I will tell you what he will do. Let us translate that into terms of human beings.

The cotton crop is produced in 16 States—a fourth of all those in the Nation. As nearly as I could get the figures from the Bureau of Agricultural Economics down here, there are 6,288,000 farms in America, and 1,986,000 of them, about a third of the total, produce cotton. It is the major crop on most of them. If over half of our cotton crop goes abroad, then half of the farmers who are producing it are producing for the export market. We cannot get away from that. There are 1,655,000 cotton farmers in America; so, if we say good-bye to our export trade, 800,000 of them will have no means of livelihood; and they, with their dependents, constitute a nice little population of 2,000,000 people that we will have to feed, clothe, and shelter.

Does inflation take that step into account? Let us take the case of wheat. Wheat was produced on 940,000 farms. The total value of the crop was \$514,000,000, and we shipped 18 percent of it abroad in 1929 or 1930, I have forgotten the year. Therefore, if 18 percent of it went abroad, then 18 percent of the farmers raising it were working to supply the foreign market. If 18 percent of all those engaged were working to supply the foreign market, then 286,870 wheat farmers were working to supply the foreign market. They and their dependents make another million who must be fed, clothed, and sheltered. They cannot go to raising oats, they cannot raise rye, they may raise a little more hops now, but even that market will not absorb their number, and I am wondering whether we are ready to have another million persons thrown on the market.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COUZENS. Is the Senator later on going to tell us just how we are to lose the foreign market by the adoption of this amendment?

Mr. TYDINGS. Yes; I am coming to that.

Mr. COUZENS. I think the Senator ought to tell us that first.

Mr. TYDINGS. The Senator wants me to tell him how that is to result. I want to build up to it. It is inescapable, as I have prepared these categories in all fields of endeavor, translated from bushels and tons and pounds to the human beings. I am going through and take the totals,

although there are some observations I should like to pass on in between, but I shall skip over them.

In all lines of work there are 48,829,920 persons over 10 years of age gainfully employed in the United States. My authority is the United States Occupational Statistics, Department of Commerce. All those persons working together in 1929 produced \$52,000,000,000 worth of goods, outside of gold and silver. Of this amount, and excluding re-exports, \$5,170,000,000 worth were sold abroad. That is 10 percent of the total. Therefore the complete loss of our foreign market would mean that 10 percent of all persons normally and gainfully employed would immediately be thrown out of employment. That would be 4,882,000 people.

If we will study the occupational statistics, we will find that there are 10,000,000 agricultural workers in the United States, and 16,000,000 in the mechanical industries. Those figures lead to the conclusion that each farmer supports one and a half mechanical workers, and every one and a half mechanical workers support one farmer. In other words, employment, to a certain extent, is correlated, so that if 4,800,000 people were thrown out of employment, assuming we had no foreign trade whatsoever, that would automatically, before the repercussions cease to be heard, throw approximately a similar number out of work.

I can illustrate that best by the railroads. In 1929 the total freight receipts of the railroads were about \$4,200,000,000. Therefore a loss of our export markets, which were one tenth of our total production, would have meant a loss of one tenth of the gross freight receipts, or about \$450,000,000 a year. But railroad income and railroad fixed expenses are not the same. Taxes remain the same, interest on bonds remains the same, sinking-fund requirements remain the same, but railroad operating income does not remain the same. So pretty soon we are at the point where income will not pay stock dividends, and in time will not pay bond requirements. What happens then? Contracts for new orders are canceled, affecting steel mills, car foundries, locomotive works, Pullman-car works, cotton away back on the farm, and many other things. People on the inside, learning that railroad stocks are becoming insecure, begin to sell them. This communicates itself to car-foundry stock, locomotive stock, and the like, and soon the whole process of deflation is on its way.

In my judgment, the unemployment today is directly attributable to the loss of the foreign market, because the calculations work out exactly to an apex. For every dollar of foreign market we have lost that has made its proportionate contribution to the army of the unemployed, and when we get back \$5,000,000,000 a year worth of new orders we will put back to work 10,000,000 people who are now out of employment. If America wants to abandon that whole policy permanently, let me call attention to the fact that the unemployed who would be directly thrown out of work through the loss of our foreign trade, plus those who would be indirectly thrown out of work by the same calculation, plus their dependents, would make an unemployed army of 22,000,000 men, women, and children. Are we ready, through Government taxes, to support 22,000,000 more people in idleness in the United States? That is what we are asked to approve.

Somebody says, "This is only internal. What relation has this to the monetary systems in the rest of the world?" To start with, I go back to my original conclusion. Everybody who speaks here says the depression is world-wide. If a man is sick all over, making his little toe or his thumb well will not make him well; and if this world remains sick all over, outside of the United States, mark my words, the United States will never get well. We are all going to die or we are all going to live together, and if there is anything left in the tenets of Christianity, that ought to be our course. We ought to want to live and to let live. This business of starving the people of these poor countries simply because we have the economic might to do it should make every man who advocates that never want to put his foot inside a church again. To leave economics for a minute and splurge

over into the field of religion, which I very seldom do, even in debate, let me say that it is absolutely contrary to the teachings of Jesus Christ, and we will pay for it in the end.

We are asked to give up a billion dollars' worth of trade balances a year, to give up a billion and a half dollars of debts which are owing to us, either in private or Government debts, through a policy of isolation; and internal inflation is nothing more than a policy of isolation because it is a retaliation, as the press shows, against the money systems of England, France, and the other countries. I have already traced the history of silver, and God knows that picture should stop us from making gold go through the same downward spiral through which silver has gone.

It is said that we are not responsible for the unsettled condition of the world's gold monetary stock. Let me call attention to a few facts. The measure which became the Smoot-Hawley Tariff Act was introduced in 1929 and it was written into law in 1930. I want to tell the Senate what the rest of the world did in 1930, 1931, and 1932. Listen to this: Senators may think this world is not tied up together.

We passed the Smoot-Hawley Tariff Act to keep out the pauper goods of foreign countries so that our rich working men and women would not be jeopardized and hurt. Do Senators know what was said over in France? Those people over there said, "We will put tariffs on to protect our poor working men and working women and keep out the goods manufactured by the rich working men and women of the United States."

When we said we were going to pass a tariff act to keep out goods made by the poor people over there England went up to Ottawa and passed a tariff act to keep out goods made by our rich working men and women here. Who lost by that? We were selling to all of them more than they were selling to us, and we lost by it. If gentlemen believe in this policy of isolation, go out and argue it with the unemployed. There are 10,000,000 of them who will take on the argument. Go out and argue it with the farmer, whose farm values have gone down. Go out and argue it with the banker, go out and argue it with the workman. We are already isolated, we are living in the greatest pool of isolation that has ever been created since the beginning of time, and we are stewing in our own juice; and, like people who have been wrong, we are trying to blame it on everybody else, and I will not join in doing that. I am going to take my share of the responsibility.

Mr. President, let me show what the rest of the world did after 1930 to keep out the products made by the rich working men and women of the United States from going into these countries which had only pauper labor. In 1930 the first thing we heard was that M. Briand, celebrated world statesman of France, seriously advocated before a European conference a European customs union against the products of the United States. By the end of 1930 Norway, Sweden, Belgium, and Holland entered into an agreement for reciprocal trade relations between themselves and against the rest of the world. In Latin America many countries adopted policies for the curtailment of imports. In 1930 there were six general or exclusive tariff revisions on the part of many European countries, with a general trend in rates upward. All but two of the governments of Europe made some changes in their tariff rates during that year, and Senators know which the two were. They could not do it under the Treaty of Versailles. Early in 1931, the rest of Europe having raised its schedules, Austria and Germany entered into a customs union in an effort to keep the trade with one another because the rest of the world was barred.

In the Far East, China increased her tariffs; in the Netherlands East Indies, a 10-percent increase immediately became effective. I could read on ad libitum. I could quote from the Department histories, but I will not take the time now.

Mr. President, the movement could be traced. Yet we are talking about keeping out the products of these poor people. Who started the tariff war? The tariffs are working against our customers. Are there not smart men in those governments? Are they going to sit down and see us bar the im-

portation of their products and not keep ours out when the balance of trade with us is already in our favor?

In France they not only adopted retaliatory tariffs against American imports—and, by the way, with the exception of 1 year we have sold France more every year than she has sold us since 1910—but the balance of trade was so heavily against France (her annual payments to us took gold, the payments on the private debts she owed to American investors took gold, her trade balances took gold) and in order to try to turn the balance of trade from against her to her favor she not only put on tariffs but she put on quota and embargo provisions.

May I remind my colleague from Maryland our State produces apples, and we export 88 per cent of them, principally to Europe. But we could send only so many apples into France, notwithstanding the fact that the merchants over there wanted to buy more. That was France's effort to turn an unfavorable balance of trade into a favorable one. Look at our apple orchards today. We could sell those apples everywhere, but the tariff and quota and embargo laws prevent us from selling the apples.

Mr. President, is that the way to make the United States prosperous? Take the markets away from the farmers; take the markets away from the people who used to supply them, and we have ten or twelve million people unemployed.

Mr. SHIPSTEAD. Mr. President—

Mr. TYDINGS. I will yield in just a moment. I want to say a word further along this line. "Oh, yes;" it is said, "look what France did; she stabilized her franc at less than 5 cents instead of 20 cents. Look what Great Britain did; she went off the gold standard." Who compelled her to go off the gold standard? I think with the depression existing all over the world the time to wave the foolish flag of a silly, stupid, short-sighted, ostrichlike nationalism has passed. The depression is world-wide, and if it is to be cured it will be cured in a world-wide manner or not at all. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. In reference to what the Senator says about tariff wars, I fully agree with him. Two years ago a member of the Liberal Party of Great Britain, who has always been a free-trader, told me he was going to vote for a protective tariff, "because", he said, "since this tariff war started and your people were a part of it, the balance of trade against Great Britain last year was a billion and a half, and", he said, "we cannot afford to let goods come in, because we cannot afford to pay for them when we cannot sell."

Mr. TYDINGS. Of course not.

Mr. SHIPSTEAD. "So", he said, "we have got to shut them out. We may have to eat less, but we cannot let the country go bankrupt in this tariff war."

A German statesman, when I called his attention to the fact that Germany had imported over \$800,000,000 of agricultural products and yet had just then put a high tariff on agricultural products, and when I asked him how Germany could afford to do that, with the low wage level and high prices for food in Germany, said, "We cannot afford to let agricultural products come in, because we have no method of payment. Since you passed the Hawley-Smoot tariff bill you will not take our goods; we have not enough, and yet we cannot pay and we cannot afford to let them come in."

Mr. TYDINGS. Of course not. May I follow the Senator's suggestion by saying that if anyone will take the figures of our export trade with the world during the last 40 years and examine them he will find that during the very years when we imported the most goods from abroad we exported the most goods to foreign countries. In other words, we sold more to the world when the world was selling the most to us. Why? Because foreign countries took the money which they received from selling their goods in our market to pay for the goods which they bought from us. The farmer goes to town with 10 dozen eggs. He cannot buy a pair of shoes until he sells his eggs. So, Europe cannot buy our products unless we buy hers. A man cannot buy what he has not unless he parts with what he has. I think we have had enough of isolation. I certainly am sick

of it; and if I have contributed to it, directly or indirectly, I am sorry; and I certainly am not going to contribute to any more of it than I have to.

There are some people who, even in spite of all the economic chaos in the United States, in spite of the fact that 12,000,000 workingmen and workingwomen are pounding the pavements and have been pounding the pavements for 3 years, still want more tariffs. Let me point out to them that the value of our imports has declined over two thirds since 1929. They represent a very small fraction of our normal production. If we need tariffs to make America prosperous, why, in the name of common sense, are we not prosperous. We have them, and every other country beneath God's sun has them; the whole world is locked up in watertight tariff compartments as I stand here speaking. No nation can trade with any other.

Mr. SHIPSTEAD rose.

Mr. TYDINGS. Before the Senator interrupts, let me say further along that line of thought, and then I will yield, that I used to hear the former Senator from Utah, Mr. Smoot, who was a devout and sincere protectionist, say that a great percentage of our imports were on the free list. I looked that free-list question up the other day and I found of the raw materials imported over half of them were silk and rubber. I know the Senator from Nebraska wants the rubber farmers of America to have a square deal.

Mr. SHIPSTEAD. And the coffee farmers.

Mr. TYDINGS. And the silk farmers. Then I looked up the figures as to foodstuffs, and I found that over one third of our food importations consisted of coffee—and God knows we do not want to put the American coffee raiser on a level with the coffee producer down in Brazil. But when it came to manufactured commodities, when it came to commodities which we ourselves produce, the desire was not to equalize the cost of production at home and abroad; oh, no; the desire was to put the tariff wall up so high that nothing of a similar nature could get over it.

Mr. SHIPSTEAD. Mr. President, will the Senator yield now?

Mr. TYDINGS. I now yield to the Senator from Minnesota.

Mr. SHIPSTEAD. The Department of Labor report shows that the decline in industrial production and the increase in unemployment started in the United States within 30 days after the House voted for the Hawley tariff bill on the 28th day of May 1929, and that industrial production has decreased and unemployment has increased until this day.

Mr. TYDINGS. That is right, and if that is the trouble, what are we dealing with the gold dollar for? What are we trying to deal with the agricultural situation internally for? I firmly believe that that is the trouble; at least, I believe it is the trouble after I have examined all the facts which have come within my possession; and if it is the trouble, I am in favor of attacking the disease where it exists.

Mr. SHIPSTEAD. Mr. President, will the Senator yield further?

Mr. TYDINGS. Yes; I yield.

Mr. SHIPSTEAD. I do not want to interrupt the Senator any more than just to say that I believe the tariff war resulted in the currency war.

Mr. TYDINGS. I think that conclusion is inescapable. I will not take the time, unless the Senate would be interested in hearing it, but I examined the figures the other day as to the amount of gold in the world and who had it. I found that in 1931—I think that was the year for which I took the figures—we had \$4,593,000,000 of gold; France had \$2,100,000,000 of gold; Great Britain had \$718,000,000 of gold; Germany had \$543,000,000 of gold; Spain had \$470,000,000 of gold; Argentina had \$420,000,000 of gold; Japan had \$411,000,000 of gold; Italy had \$278,000,000; and Russia had \$248,000,000 of gold. Thus 9 nations, between them, had \$9,790,000,000 worth of gold, which is about nine tenths of all the gold in the world.

Mr. GORE. As of what date were the figures compiled?

Mr. TYDINGS. As of January 31, 1931.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. TYDINGS. I do not want to get off on the money just yet, if the Senator will excuse me.

Mr. FLETCHER. I merely want to say a word which will not make the Senator digress from his line of thought at all. He laid down the proposition that the United States is about to lead in a direction and to establish a precedent that will be harmful to all the other nations of the world and will destroy our foreign trade. I merely wish to call the Senator's attention to the fact that 30 foreign nations are already off the gold standard and have been off that standard for nearly 2 years.

Mr. TYDINGS. And, while the Senator was absent, I showed how we drove them off the gold standard.

Mr. FLETCHER. I thought the Senator was claiming that we are now about to do it.

Mr. TYDINGS. No.

Mr. FLETCHER. And 16 foreign countries have depreciated their currencies, and that system has been in operation for nearly 2 years.

Mr. TYDINGS. And the way to get rid of pneumonia is to go where the germs are prevalent.

Mr. NORRIS. Mr. President—

Mr. TYDINGS. I yield to the Senator from Nebraska.

Mr. NORRIS. As I understand the Senator, he is opposed to any legislation on the financial question?

Mr. TYDINGS. No; I am not.

Mr. NORRIS. Then, I did not get the right idea. Is the Senator opposed to the amendment which is pending?

Mr. TYDINGS. I am.

Mr. NORRIS. Is he opposed to all parts of it?

Mr. TYDINGS. Yes.

Mr. NORRIS. Does the Senator believe, then, that if instead of changing the financial laws of our country we would repeal the tariff law, we would relieve ourselves from the depression?

Mr. TYDINGS. The Senator has asked a very pertinent question, and I will try to inform him as to what, at least, I think should be done. First of all, if we depreciate the value of our money, in my humble judgment the same course will follow which followed the passage of the tariff act; England will be forced to devalue her money further; France likewise will do the same thing. In my judgment, the only reason why that is not being done now is because the statesmen of those countries are here, and they are hoping to forestall that very possibility by effecting some sort of an international agreement.

Mr. NORRIS. Mr. President—

Mr. TYDINGS. Let me finish, and then I will again yield. If we were now to devalue our money, in my judgment it would be foolish to have the international conference. I do not see any need of having it if we are going to pursue a policy of nationalism, of complete isolation. It strikes me that we ought to be consistent. If we hope to achieve a cure in the field of international difficulty, then let us lay aside these questions until after that field has been exploited and our efforts have failed.

If they shall fail, I can see that if other nations persist in a policy of trade and monetary isolation circumstances will leave us nothing more to do than to modify, to some extent at least, the existing disparity between debtor and creditor. But assuming, on the other hand, that we are to be successful in the international field, that tariffs are to be lowered through reciprocal agreements, that world trade is to be revived, that we are to regain our markets, that the world debts are to be settled in lump-sum payment of which I am strongly in favor for many reasons, and assuming that silver currencies are going to be stabilized and brought into some parity with gold, then I think that while a change for the better may not take place immediately, yet over a period of a few months there will be a decided improvement in the economic conditions of the country; and I submit that, in my opinion, such improvement will be sound and permanent.

What I am afraid of is that we are going into court having first called the man on the other side a bad name, which is not going to be conducive to the kind of litigation upon

which we are about to enter. If we are going into the conference in a feeling of friendship, with a desire for honest fair dealing, then we had better leave out all controversial matters which we can and not proceed as if we are going to play a poker game.

My observation has been, humble though it be, in viewing past conferences, that their possibilities for good have to a large extent been destroyed by the assumption on the part of peoples who sent representatives to such conferences that they were not going to be fair, but that, as it were, there was going to be a poker game played and everybody had better watch his alley. That being the case, it could not help but affect the delegates, and they entered cautiously into the proceedings to find out what the other delegates were going to suggest. I think we have reached the Waterloo; I think we are at the Marne. We are standing at the Marne today with the army of depression coming on and attacking not only Paris but the capital of every other nation in the world. I believe the time has come for a counter attack, and I do not believe in making it on one front alone. I think that world trade can only be revived by all countries; that currencies can only be stabilized by all countries; that war debts can only be settled by all countries. I do not think they can be settled by any one country sitting back of the Atlantic Ocean on one side and the Pacific Ocean on the other.

Mr. NORRIS, Mr. SHIPSTEAD, and Mr. WHEELER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I will yield after I make a further remark, because the Senator from Nebraska and I are both groping, I hope, toward the same objective—I know he is, and I hope I am—and that is relief for the American people. I may be wrong about it, as he often says; I hope I am wrong; but if this proposal shall be adopted, whatever I think about it I want the Senate now to know, for whatever my opinion may be worth.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. I yield.

Mr. NORRIS. I have undertaken to ask these questions not from any argumentative viewpoint or spirit.

Mr. TYDINGS. I understand that.

Mr. NORRIS. I realize the Senator is acting in perfect good faith, of course. However, the Senator says that if we should adopt this particular amendment and act under it it would force Great Britain, for instance, to debase the pound still further, and would force France to debase the franc still further, and so on. Is the Senator satisfied now with the value of the dollar as compared with the value of the pound and the franc?

Mr. TYDINGS. Oh, no.

Mr. NORRIS. How are we going to remedy that situation?

Mr. TYDINGS. That is a very fair question.

Mr. NORRIS. What are we going to do about it?

Mr. TYDINGS. I believe, and I believe very sincerely, that we forced Great Britain to devalue the pound for the reasons I stated. First of all, she was sending to us \$500,000,000 of gold every year to pay her unfavorable balance of trade with the United States. She was sending to us \$175,000,000 of gold to pay her annual war-debt installments. In addition to that she owed us about three other billions of dollars in private loans we had made abroad. In other words, we had over \$700,000,000 of gold coming year after year from Great Britain to the United States. Now she only has \$714,000,000 of gold altogether, so that it would take her entire stock of monetary gold to make one annual payment.

What did England do? She tried desperately, like every individual debtor does who owes more than he can pay for the moment, to find avenues where she could get some more gold. Great Britain could not trade with us. Our tariff has taken care of that. She needed our cotton which she could

not get any other place. It was going over there in abundance. There was no way she could turn the balance upon us. She looked to India, China, and South America. The Prince of Wales went to South America on a tour of friendship, and he went to China and to India, and tried to establish more friendly relations. That move did help Great Britain a little, but it was not enough to bring in sufficient money to supplement the gold monetary stock to the extent of the payments necessarily coming to America. So Great Britain, faced with that situation, had very little other alternative than to depreciate her money. It was the only way out, it seems to me. She had to get it in trade.

Mr. NORRIS. Does the Senator believe that it is probable that we can get an international agreement that will fix the value of the pound and the dollar? Does he think that can be accomplished?

Mr. TYDINGS. I am very glad the Senator asks that question, because I might have overlooked it and I think there would have been a gap in my remarks if I had not covered that point.

I am very much encouraged from several factors that we will get such an agreement. First of all we know the Secretary of State of our own country. Fortunately the Senator from Nebraska and myself have both been in the Chamber many times when he has spoken. We know that he is international-trade minded. We know he believes that America is better off when it sells more goods abroad, and the facts show that it is, every time we are importing the most goods from abroad. I believe Mr. Hull was selected not because he was a strong man politically, not because he was dominant in his State, not because he was wealthy, not because of many other reasons that might normally enter into the selection of a person of that kind; but it seems to me that in that appointment more than in any other the President had indicated what was his outlook. I may be wrong.

Mr. NORRIS. I think the Senator is right.

Mr. TYDINGS. I am coming now to the second fact. Mr. MacDonald is already here. I have read in the paper today that what he said is that we must all act together to stabilize the money value. Mr. Herriot has said the same thing. If they are going to meet to stabilize money values, had we not better leave ours alone for the meeting which is only 2 months away?

Mr. NORRIS. The adoption of the pending amendment, let me suggest to the Senator, does not necessarily mean that we will not wait. But let me ask the Senator this question: Suppose we fail to get an agreement, which we have tried a great many times, though sometimes I thought not in the best of faith; but for years we have been advocating an international agreement on financial questions. Suppose we fail; what shall we do then?

Mr. TYDINGS. I hate to make this remark and I hope I do not take too dark a view of the picture, but if these world representatives fail as statesmen to meet the conditions which have been pyramiding year after year until they cannot be piled up any further, then I am frank to admit that I do not expect to pursue in my future votes in this body, unless there is a little glimmer of light still left, any policy such as I hope I have more or less adhered to up to this time. I say that because in my judgment then we will go into a period of what might be called the economic dark age. We will say good-bye to every other country, more or less. Nationalism will run rife. I have looked across the sea. I have seen it in Russia. I have seen it in Germany. I have seen it in Poland. I should like to preserve my country, if I could, with some of its liberties, with some of its individualisms which have perhaps been abused and need modification; but I should like to prevent its swinging to the other extreme of the pendulum by waiting—although it has been a long wait—until the statesman of these various countries, all of whom seem now more than at any other time anxious to do the things that ought to be done, have acted.

I am going to say to the Senator from Nebraska that one reason why I feel like supporting the bill and the amendment is my belief that the President would not use the

powers therein granted until after the conference failed, and only in the event it failed. But I know the pressure will be terrific on him. I know that no sooner will he affix his name to the document than the wires will burn with "Do this immediately" by men who are depressed, by men who have lost their all, by men who are hungry and out of work—not by the man who is reasoning along a course which may bring us out, but by the man who is grasping for a straw, a straw that will not support him, a straw that has not enough cork and buoyancy in it to hold him afloat. I hope we can get into an economic condition that will make the present look perhaps a little bit more rosy than it does at this time.

Mr. REED. Mr. President, may I interrupt the Senator at that point?

Mr. TYDINGS. Certainly.

Mr. REED. If the Congress is unable to withstand the demands for inflation, what right would we have to assume that the President would be able to withstand them?

Mr. TYDINGS. The Senator's question is very apt and, I think, answers itself. I do not believe the President would, however, but I do not believe that it will help him or the country to put him into that position. The reason why I do not think the President will is because up to now he has not only appointed a Secretary of State whose policies, according to the way I see the future progress of the country, show that he is a good man, but he has now the heads of governments here—not the representatives of the conference but the heads of the governments—and lo and behold, the heads of the 3 leading governments of the world, 3 of the 4 or 5 leading governments of the world are here today. They are down at the White House. They are sitting there talking as we are talking.

The world's conference comes off in a very short while. Each of the statesmen who has come here from abroad says that this is not a national problem. Each one of them says we have got to live and let live, one with the other. Each one of them says that he, as well as we, has made mistakes, that his government perhaps has been to blame as has ours. It seems to me that when we have that feeling, when we have that desire to cooperate—the only kind of cooperation which in my judgment will be helpful—we had better keep out an element which might upset the possibility of these gentlemen's interlocking their various ideas into a concrete workable machine with which to dissipate the depression.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Minnesota?

Mr. TYDINGS. I yield.

Mr. SHIPSTEAD. I want to ask the Senator a question, but before I do that may I invite the Senator's attention to another important step that Great Britain took in her defense or in her efforts to maintain the gold standard? In 1925 she forced India on the gold standard in order to force the gold out of India by putting a premium on gold.

Mr. TYDINGS. That is true.

Mr. SHIPSTEAD. No one can deny the importance of stabilizing foreign exchange. I do not think anyone can quarrel with the desirability of that point of view. But we have, it seems to me, a domestic problem here which, so far as I am able to learn, does not affect foreign countries. The Senator will agree that when the war was over our capital structure was topheavy. From 1920 to 1930 we had underwritten a total of more than 70 billions of new capital issues payable in dollars. Does the Senator think our production of wealth, our national income, will support that kind of capital structure without some alteration of the value of the dollar? Is not the alternative wholesale bankruptcy?

Mr. TYDINGS. Let me interrupt the Senator. I am not going to take direct issue with the Senator, but let us see if this is not what we are getting into: Let us suppose that the value of the dollar is altered so that it is only worth, for example, 50 percent of its present value. Let us suppose the bill passes tonight and the President affixes his signa-

ture tomorrow morning. By the time the stock exchange opens there is no doubt in my mind that the roof would blow off of the stock market. There is no doubt in my mind at all that stock would immediately shoot up to highs that would be at this day almost unbelievable. Wheat would go up, and all commodities would go up.

Let us suppose that in the world conference an agreement is entered into stabilizing the American dollar at 90 cents. What happens to the 40 cents intermediate inflation between now and the ratification of the treaty stabilizing the dollar at 90 cents on the dollar?

Mr. SHIPSTEAD. France stabilized her franc without consulting anybody, and Britain stabilized her pound the same way. What I am talking about is some agreement for stabilization of world currency.

Mr. TYDINGS. But the Senator leaves out one factor, one very great keystone in the arch of France's financial policy. France stabilized her franc over a period of years. The situation which I am calling to the attention of the Senator is a 3 or 4 months' period. We will have an unhealthy inflation, and then we stabilize the dollar, and what becomes of it? The minute the dollar is stabilized at 90 cents on the dollar, all the inflation the 50-cent dollar built up immediately collapses, and we have exactly the position which we are trying to get out of today, only compounded. That is the danger of this thing, and it is because of that reason that I cannot conceive that the President would put it into effect until after failure of the world conference.

Mr. REED. Mr. President, will the Senator yield further?

Mr. TYDINGS. Certainly.

Mr. REED. If this power is given to the President and not exercised by him for a considerable time, is it not obvious that all business has to be on the hand-to-mouth basis while that unexercised power hangs over the community?

Mr. TYDINGS. The Senator has put his finger right on the quick nerve. Here, when the matter is only talked about, silver goes from 25 to 36 cents an ounce and stocks go from \$1 to \$9 or \$10 a share, just on rumor. The ink will not be dry on that document before there will be men here who will immediately be yelling that what we need is a policy of deflation, that some other group of constituents have been mulcted in this process of inflation, and that here we have left those poor fellows along the wayside, bleeding and dying, and we had better adopt a policy of deflation in order that we can get them on firm ground again.

Mr. REED. I am wondering, if President Roosevelt had this power to debase the gold content of the dollar and did not exercise it, whether my friend the Senator from Oklahoma [Mr. THOMAS], who says I am working for J. P. Morgan and the rich bondholders of the country, might not be in some danger of saying that about President Roosevelt if he refuses to debase the dollar as my friend would like to see it done? That would be an unhappy state of affairs.

Mr. TYDINGS. As I see inflation, I see a great deal of the possibility of real deflation instead of inflation in it before its effects are fully felt.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. TYDINGS. In a moment I will yield.

Mr. WHEELER. I want to make just one observation.

Mr. TYDINGS. All right; go ahead.

Mr. WHEELER. I assume the Senator thinks that the bill to remonetize silver which I introduced the other day is conservative compared with this proposition of giving the President of the United States the power to devalue the dollar at his will down to 50 percent.

Mr. TYDINGS. The Senator has stated my position in exact words. The Senator from Montana was ultra conservative the other day in offering the proposition which the Senate then would not take, and now in adopting the one which they are about to take.

Mr. WHEELER. Of course.

Mr. GOLDSBOROUGH. Mr. President, will the Senator yield?

Mr. TYDINGS. I will, if my colleague will let me make just one observation first.

Great Britain has been our very best customer. Since 1910 Great Britain has bought from us \$16,000,000,000 more of our goods than we have bought of hers. Think of it—five times the amount of the war debt! If anybody challenges those figures, I have them here, year by year.

Mr. REED. Mr. President, I challenge them. If we take the British Empire as a whole, that is not true.

Mr. TYDINGS. But the British Empire is not paying this debt. We did not lend the money to the British Empire. We lent it to Great Britain, the United Kingdom; and we can collect it only from the United Kingdom. I have a few notes that I wish I could put somebody else on to help me discharge them; but, unfortunately, the man whose name is on the note is the one who has to pay it off.

Mr. SHIPSTEAD. Mr. President—

Mr. TYDINGS. Just a minute; then I will yield, because I refused to yield to my colleague until I bring out this fact:

We say, "Oh, those English over there"—and I do not want to get off on the war debts—"those English over there ought to pay this debt. Notwithstanding they have bought \$16,000,000,000 more of our goods than we have of theirs during the last 20 years, notwithstanding they send us half a billion dollars a year in gold, and notwithstanding they send us \$180,000,000 a year in war-debt payments, they ought to pay us." "Well", I said, "how are they going to pay us? Let us see if they can"; and I took the income-tax schedules for Great Britain and the United States.

A single man who makes \$1,250 in America pays the Government \$10 income tax. A man who makes \$1,250 in Great Britain pays his Government \$56—five times as much.

A man who makes \$2,500 in Great Britain pays the Government \$253, while our man pays his Government only \$60.

A man who makes \$5,000 in Great Britain pays his Government \$815. In our country he pays \$160.

A man who makes \$10,000 in Great Britain pays his Government \$1,940. In our country he pays \$600.

A man who makes \$20,000 in Great Britain pays his Government \$5,500, while our Government charges only \$1,960 on the same income.

With all the doles in England, with all her unemployed—not recent but scattered over years—with the fact that her gold stocks have been depleted down to \$715,000,000, and she has only \$250,000,000 in silver, in the very nature of things how could she stay on the gold standard? She could not sell us anything. We even barred her coal when we were selling \$15,000,000 worth of coal a year, and importing but \$800,000. We had a ratio of 20 to 1, but we put a tax of \$2 a ton on coal, and then we expect the British Government to pay us in gold. It is the most ridiculous, paradoxical situation, and it cannot be done.

I think the English people have been splendid in this whole situation.

Mr. GOLDSBOROUGH. Mr. President—

Mr. TYDINGS. I am going to yield to my friend next. I want to say, first of all, that they did not come here and ask for a 50-percent reduction in their debt. They came here and kept the old principal, and all they asked was a reduction in their interest rate. All these other countries got off with 20 and 30 and 40 cents on the dollar. England is our best customer. I say that the facts show that she has tried to pay her debt 100 cents on the dollar.

I yield now to my colleague from Maryland.

Mr. GOLDSBOROUGH. Mr. President, I largely agree with much that has been said by the distinguished senior Senator from my own State, but I desire to go back a few moments. When he was speaking about the iniquities of the tariff, he directed my personal attention to the fact that the exportation of apples in Maryland had been very greatly hurt by the building up of the tariff wall in France.

Mr. TYDINGS. That is right.

Mr. GOLDSBOROUGH. I should like to ask the Senator if he is not conscious of the fact that Baltimore City is one of the greatest centers in this country for the manufacture of straw hats; and when we passed the tariff bill, did not

the senior Senator from Maryland see fit to protect straw hats?

Mr. TYDINGS. I am very glad the Senator has brought that up, because I intended to bring it up myself; and I hope I shall have the attention of every man here.

What is the situation with straw hats?

I venture to say there is not one man on the floor of the Senate now who can tell me what percentage of the straw hats consumed in America are imported. If there is one, let him stand up. Do you mean to say that you are going to pass judgment upon a case about which you know nothing of the evidence? How many men here know how many straw hats are imported? [Laughter.] Well, I will tell you: Over one half the straw hats worn in America come from abroad; and if we revise the tariff, I shall not vote to reduce the tariff on straw hats for the simple reason that whenever the importations of an article which we are equipped to produce in abundance at home are over 50 per cent of the home production it cannot be contended that that tariff is either a prohibitory or an embargo tariff.

Mr. GOLDSBOROUGH. I am in sympathy with what the Senator says. I agree with him.

Mr. TYDINGS. Wait a minute. Does the Senator agree that that tariff is not a prohibitory or an embargo tariff, or does he say that it is?

Mr. GOLDSBOROUGH. I think it is a very proper tariff, as did the senior Senator from Maryland.

Mr. TYDINGS. I gave the Senator a fair answer to his question, and he is evading mine; but it needs no answer, because whenever the importations of an article which the American producer can produce to supply the entire home market exceed the local production the tariff cannot be called a prohibitory tariff.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. Must a Democrat vote for every low tariff, regardless of the factors that enter into it? Must a Democrat vote for free trade? I advocate no such policy. I will say that if you will show me in the entire tariff schedule any other article but straw hats—any other one—where the importations are more than half of the local consumption of that article, I will show you a case for a new duty; but you cannot show me another one.

Mr. REED. Mr. President, will the Senator tell us how he voted on the manganese tariff?

Mr. TYDINGS. I do not recall.

Mr. REED. The imports of manganese are more than 90 percent of the domestic consumption.

Mr. TYDINGS. I might have voted for a small tariff for revenue on that product. I do not have to vote against every tariff; but I will venture to say this, and the Senator knows this is logic, it is not politics: Whenever the importations of any article exceed the local production of that article, and we are in a position to produce it, it cannot be maintained that that is a prohibitory or an embargo tariff.

Mr. COUZENS. Mr. President—

Mr. TYDINGS. I am going to ask if there is any man who does say that that is a prohibitory tariff, because I do not want my position equivocated. Is there any man here who claims, under that state of facts, that such a tariff is an embargo or a prohibitory tariff? Is there any man here who now claims that a Democrat who believes in equalizing the cost of production at home and abroad could not support that tariff without going back on his principles? Is there any man here who will contend that?

There seems to be none. At last I have convinced the Senate of the justice of my position. [Laughter.]

Mr. BARBOUR. Mr. President—

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COUZENS. The Senator has by no means convinced the Senate of his logic, because a while ago the Senator was emphasizing in general terms the Tariff Act of 1930 and condemning that as the reason for Maryland's losing 80 percent of its export of apples.

Mr. TYDINGS. That is right.

Mr. COUZENS. The Senator ought to have been specific as to the tariff on straw hats.

Mr. TYDINGS. I was. The Senator from Michigan was sitting there dreaming about the bank situation in his own State.

Mr. COUZENS. Oh, no, no; the Senator cannot divert me in that way.

Mr. TYDINGS. If the Senator will recall, I pointed out the number of articles that were on the free list, the percentage that came in, how the Smoot-Hawley Act in most cases applied only to articles which we produced at home, and in those cases it was not applied with an idea of equalizing the cost of production at home and abroad but as an embargo; and the Senator knows by the facts now that the case of straw hats does not come within the embargo category.

Mr. COUZENS. I also contend that the other rates do not come within the embargo category, but the Senator condemned the whole tariff act as a reason for preventing the export of Maryland apples.

Mr. TYDINGS. I will read the Senator some of the items, then, to convince him that the other rates are not of the same kind as in the case of straw hats.

I venture to say that there is not a man in the Chamber who has ever made a study of the straw-hat situation. I venture to say that up to this afternoon there was not one Member in the Chamber who knew that over half the straw hats worn in America came from abroad. I venture to make the statement that there is not a man in the Chamber who knew that 5 or 10 years ago only 30 percent of the straw hats we wore came from abroad, and that during the past—well, to be on the safe side, I will say 10 years—the amount of straw-hat importations has grown each year, and it was only when they reached the halfway mark that the Senator from Maryland supported any increase in tariff; and wherever that condition can be shown with any other article, I am inclined to do the same thing, all things considered.

There is no violation of policy there, and I am not equivocating. I am going to talk about the Smoot-Hawley Tariff Act now, since the Senator from Michigan wants me to.

Mr. REED. Mr. President, is not the straw-hat season opening rather early this year? [Laughter.]

Mr. TYDINGS. Yes; for the Senator from Pennsylvania.

Of crude materials, 83 percent came in free; but raw silk and rubber—which, of course, we do not produce in the United States—between them accounted for one half of these importations. However, only 40 percent of finished manufactures and only 19 percent of manufactured food-stuffs were imported. Those who were seeking prohibitory tariffs were careful to see that there would be as little competition as possible in the American market for the products that they themselves produced.

I did not try to keep out any competition in the American market. I was ready to put the foreigner on a comparative parity with our own producers. All I asked for my people was the same right that I was giving to the other man. If the Senator had followed that policy, he could have taken me to task with a great deal more assurance.

Now, Mr. President, let us get back to inflation. We have a world conference coming on. We are going into that conference to chart the course of the United States for the future. This administration for the first 6 weeks seemed headed toward a solution of the world problem, and I hope it is still headed in that direction. I am inclined to believe that these grants of power which the administration hopes to secure are only to be used in the event the world conference is not successful. But I cannot see the sense of anticipating that lack of success, of injecting into this already chaotic condition factors which will but complicate and not simplify the solution of the grave matters ahead.

Mr. President, I believe that the depression is caused by international factors, principally a stoppage of international trade and commerce; secondly, by a debasement of silver money which has been debased to the extent of 541,000,000 ounces since 1920. I believe we will have to stabilize silver through a reverse of that process.

I think that in the international conference we ought to accept a lump-sum settlement of a fair amount in settlement of the war debt and get rid of it, and if we do that, I believe that a lot of these panaceas will be unnecessary.

Mr. President, I think the American people are sick and tired of expedients. I think they have had enough of unguents. I think they have had enough of palliatives. I think they have had enough of equivocation and evasion. They want an attack on the fundamentals, the underlying things which have brought on the depression. I think the Congress can support the President by waiting until an attack on the fundamentals has failed, before we inject into the conflict, already complicated, other and unrelated matters.

Therefore, I do not feel that I can bring my support to this matter at this time. If we do have inflation in the meantime, and subsequently stabilize the dollar, we will have the problem of more deflation brought on our doorstep. If, on the other hand, nothing is to be done about this matter, if the President is simply to be a reservoir for power, and wait until the world conference fails, then it might be passed on to him with some degree of soundness.

I am not going to vote to complicate what seems to be the one sound solution and forever condemn the United States to a policy of isolation, which means nothing more nor less than the regulation of industry, the 30-hour week, the regulation of agriculture, unemployment relief on a permanent scale, high income taxes, the loss of world trade, the loss of our war debts, and the loss of our private debts; and that in a country whose prosperity has been built up by selling more to the world than the world has sold to it. I am not going to turn my back upon our good customers unless our good customers force us to do it.

Mr. VANDENBERG. Mr. President, if I may have the attention of the Senator from Oklahoma, I want to ask for one or two interpretations of the language of the bill concerning which there seems to be some misunderstanding and controversy.

I first call his attention to the language on page 2. Under subsection (a) there are two different permissions granted—first, respecting open-market operations; second, respecting the direct purchases of Treasury bills or other obligations of the Government.

Some have interpreted the language under subsection (a) as applying the \$3,000,000,000 limitation only to the second one of these permissions. Will the Senator state whether, in his judgment, the \$3,000,000,000 applies to the entire subsection (a)?

Mr. THOMAS of Oklahoma. Mr. President, I would answer in the affirmative. Otherwise under subdivision (1) there would be no money to support the exercise of the power granted under that subsection. It is my understanding that the \$3,000,000,000 is to be made available to do either or both of the things under subdivision (1) and subdivision (2).

Mr. VANDENBERG. Therefore, any interpretation that subdivision (1) is an unlimited permission would, in the Senator's judgment, be wrong?

Mr. THOMAS of Oklahoma. That is my judgment.

Mr. VANDENBERG. If there is any doubt about it, the Senator would be very glad to clarify the language to make the situation plain?

Mr. THOMAS of Oklahoma. Exactly so.

Mr. VANDENBERG. I should like to ask the Senator, in respect to the first of these privileges, what the language "corporations in which the United States is the majority stockholder" would embrace?

Mr. THOMAS of Oklahoma. I think that would embrace such corporations as the Reconstruction Finance Corporation.

Mr. VANDENBERG. Would it embrace Federal land banks, under the mortgage section of the bill?

Mr. THOMAS of Oklahoma. In the event the United States owns a majority of the stock, yes; but unless the United States does own a majority of the stock, no.

Mr. VANDENBERG. Will the Senator explain to me the result accomplished by the sentence injected at line 24, on page 2, reading as follows:

No suspension of reserve requirements of the Federal Reserve banks under the terms of section 11 (c) of the Federal Reserve Act, necessitated by reason of operations under this section, shall require the imposition of the graduated tax upon any deficiency in reserves as provided in said section 11 (c).

Mr. THOMAS of Oklahoma. As I understand it, section 11 (c) of the Federal Reserve Act provides that when banks start to borrow, they can borrow a certain amount of money at a certain fixed rate. If they increase the borrowing, eventually the rate begins to increase likewise, and if the bank has to continue borrowing, the rate gets so high that they cannot borrow any more. It is the intention of this section to provide that banks can borrow without having the rate increased.

Mr. REED. Mr. President, will the Senator from Michigan permit an interruption?

Mr. VANDENBERG. I yield.

Mr. REED. My understanding of that is that where the reserve requirements are suspended, and less than 40 percent in gold is permitted to be kept as a reserve, this section of the Federal Reserve law puts a tax upon the deficiency under the 40 percent. The effect of the sentence referred to would be to suspend that provision of the law. It would allow a reserve to go below the 40 percent without any penalty and that is the whole purpose of it.

Mr. THOMAS of Oklahoma. That is exactly the intent of my answer, because banks could not borrow at all unless they had the 40-percent reserve. Later, if they borrowed so that they did not have the 40 percent, then there would be a tax imposed. This would not impose the tax, although they might borrow when they did not have the 40 percent in gold backing up their reserves.

Mr. REED. This is not a question of the bank borrowing at all. The Federal Reserve banks will not borrow. They buy these Treasury obligations directly from the Government and issue Federal Reserve notes in exchange for them. In taking in these Government obligations they are increasing their own liabilities by the issuance of the notes, and, under the existing law, 40 percent in gold must be kept as a reserve against those outstanding notes. Obviously they are not getting in any gold when they are putting out notes and their reserve is going to be impaired. Under the present law they would be taxed by the amount of that impairment. Under the pending measure there would be no such tax.

Mr. VANDENBERG. In other words, the net result would be permission to reduce the 40-percent coverage.

Mr. THOMAS of Oklahoma. Without being taxed. That is correct.

Mr. VANDENBERG. Now, I should like to ask the Senator a question as to page 4, referring to the second \$3,000,000 limitation. May I ask whether the language commencing in line 6, which permits the issue of these notes for the purpose "of meeting maturing Federal obligations to repay sums borrowed by the United States" would include short-time notes to cover Budget deficits?

Mr. THOMAS of Oklahoma. Exactly so. It includes those, as well as maturing long-time obligations. For example, \$640,000,000 of Federal bonds were due on the 15th of March. We had to refinance those by selling short-term obligations. If this measure had been in effect, it would have been possible to pay those obligations with these Treasury notes. There are now maturing from week to week large volumes of short-time obligations, Treasury certificates of indebtedness. If we cannot refinance those to our satisfaction, as an alternative we will have this fund to fall back on, and it would be used for that purpose. I doubt whether it will be used for that purpose, but it is possible.

Mr. VANDENBERG. That virtually would mean the use of this privilege to meet Budget deficits, would it not?

Mr. THOMAS of Oklahoma. In the event the Budget deficits have been converted into some sort of interest-bearing obligations.

Mr. VANDENBERG. The deficits could be translated into a 30-day obligation and then handled under this section?

Mr. THOMAS of Oklahoma. The purpose of it is to find some means of getting the money into circulation. It would not do any good to print billions of dollars and leave them in the Treasury. The Government has printed \$2,000,000,000 of money since the 4th of March in Reserve bank notes, and about \$20,000,000 went into circulation. The balance of that 2 billion has done neither the country nor its citizens any good. It kept the printing presses running for quite a while, three shifts a day, and, in addition to having the printing presses running to print \$2,000,000,000 of that money, they have been running for months printing the refunding bonds, and they are running now and will continue to run, until such time as we get back on some sort of a stable financial basis.

Mr. VANDENBERG. Could not the Senator completely reach his objective—and by his objective I refer to the necessity of getting the money to work—by confining this privilege to the purchase of United States bonds, so that there would be at least a thoroughly bona fide bonding transaction underlying the use of this monetary privilege?

Mr. THOMAS of Oklahoma. I think I would agree with the principle stated by the Senator; but I may state the real reason why that provision was placed in the amendment. Suppose some of these weeks we cannot refinance some of these short-term obligations satisfactorily. If the President should have the power to use these Treasury notes to purchase outstanding Treasury obligations, he would thereby have a club which those who have money would understand he had, and he could thereby, in my judgment, secure the sale of additional obligations, even long-time obligations, at a lower rate than could be accomplished if that were eliminated.

Mr. VANDENBERG. The Senator thinks that the inclusion of that phrase is essential to the objective he has in mind?

Mr. THOMAS of Oklahoma. That is in harmony with the spirit of the entire measure.

Mr. VANDENBERG. I thank the Senator. I want to submit just one general inquiry to him further. If the philosophy of this amendment produces the result which the Senator has in mind, is there any sense in the price-fixing section of the farm relief bill?

Mr. THOMAS of Oklahoma. Let me say that when that bill was prepared this matter apparently was not in mind; and in the hearings before our committee every day, we would get on to the money question. We just could not keep off it. It became a conviction in our committee that the money question had to be adjusted before anything could be done to help the farmer. So, in the last analysis, we decided to incorporate a report to the Senate calling attention to that fact. At that time, as I have said, this particular feature of inflation, or deflation, or expansion was not contemplated.

Now, since this is before the Senate and before the country, it is my judgment that if this amendment goes through, it will be practically a waste of paper and ink to print the farm bill, because I doubt whether it would be used, since even the talk about this amendment has done more to raise commodity prices than the entire farm relief bill might have done if placed in operation at vast expense and with the employment of hundreds and perhaps thousands of agents in the country.

I agree with the viewpoint expressed by the Senator, that the last provision would, in my judgment, do more to raise commodity prices, the thing we all want done, than the farm bill could do if it did all its sponsors claimed and hoped for.

Mr. VANDENBERG. Then the Thomas amendment might fundamentally claim for itself that it will protect America against the need to use the Wallace-Tugwell-Ezekiel formula?

Mr. THOMAS of Oklahoma. I should not want to make any commitments on that proposition because I can see in the bill given this lengthy title this additional virtue, if I

may have the attention of the Senator from Michigan. Let us assume that the amendment under consideration would do what I think it will do, raise commodity prices to a point even higher than that contemplated under the original bill. It was hoped that under that bill the price of wheat would be raised to about 90 cents a bushel, cotton to about 12 cents a pound, and other things in proportion. That provision was being made for the express purpose of raising the prices of those commodities to a parity with the wholesale prices of other commodities—steel, for example—and other things which the people have to buy. If the "inflation amendment", so-called, should raise the price of farm commodities and at the same time raise the price of other commodities and perhaps later on they should still be at a disparity, then this bill might be used to give the farmers' prices and commodity prices a still further boost and raise them to a general average along with wholesale commodity prices.

Mr. VANDENBERG. Just one more question. Is there any provision in the amendment which provides for inflation without definite boundaries, except that section of the bill which relates to the content of the gold dollar? Let me put the question differently. Is not the section relating to the content of the gold dollar the only entirely unbounded inflation provision in the amendment? I am not referring to the 50-percent limitation; I am referring to the fact that one cannot estimate what would happen under it, whereas one can estimate the rest of the situation.

Mr. THOMAS of Oklahoma. If this amendment should become law, the President could reduce the gold content of the dollar to any extent up to 50 percent. He could take out one half of the gold content of the dollar.

Mr. VANDENBERG. He could increase it 100 percent if he wanted to do so under the language of the amendment; but, of course, that is an absurd hypothesis.

Mr. THOMAS of Oklahoma. Yes. Just what will be done no one can tell. As I understand, the President's action will be based upon the best expert advice and opinion he can secure, not only locally but abroad, because the question of money has ceased to be local and has become international; but I am satisfied that nothing will be done in the future under the amendment unless and until the leading trading nations competing with America come to some kind of agreement. If they remain off the gold standard, we will remain off the gold standard. We do not dare to go back on the gold standard so long as they stay off it or any one of them stays off it, because if we do, the country that does not go back on the gold standard can immediately depreciate its currency below the standard fixed and can take the trade of the world from those that are on the gold standard. We have been "buncoed", I think, long enough about that; and I doubt if we will take that action unless we all go back together.

Mr. VANDENBERG. The only point in the general amendment with which I find myself in serious difficulty is in respect to the release of this virtually unlimited power to the President to deal with the gold dollar. Will the Senator be good enough to state to me whether he thinks the remainder of the amendment would have adequate advantage in it pending the outcome of international negotiations regarding gold and silver, which, in turn, might come in the ordinary constitutional way to Congress for ratification? Does the Senator get the purport of my question?

Mr. THOMAS of Oklahoma. Yes. Mr. President, it has never been my opinion that we should necessarily be forced off the gold standard. Had those in responsible position acted earlier, we would not today, in my judgment, be off the gold standard. We could have reduced the value of gold or its buying power through another process. By placing paper money in circulation or placing silver money in circulation we could have arbitrarily brought down the buying power of gold, and we might have had a vast sum—not too large—of real money in circulation. That fact of itself, in my judgment, would have brought down the buying power or the value of gold. We could have done that if we

had commenced early enough, and it would not have been necessary to have gone off the gold standard. We could have been today operating under the gold standard with the value of gold away down below what it is now; but not having done that, and having adopted the policy of deflation, with the dollar mounting from month to month, now being at \$2.44½ measured by farm commodities, we reached a point where we could not go any further, and when the people could not pay their debts, their interest, and the banks could not collect so as to pay their depositors, of course, the public knowing of these facts began to make runs upon the banks.

The banks cannot stand runs; sometimes it is difficult for them to stand the ordinary strain and drain upon their deposits; but when some unusual condition arises and the banks are called upon to pay currency or cash upon deposits to be hoarded, then they fail. That is what caused the bank holiday in March. So now we have reached the point where nothing can be done except to go off the gold standard. There are only \$4,400,000,000 of monetary gold in America, but even so we have still nearly \$40,000,000,000 of deposits; and when the people want their money, they want gold; paper is of no account.

I was handed a while ago a piece of Detroit scrip. Here it is [exhibiting]. It looks very much like money. That scrip circulates in Detroit and is good for \$2, but it is not good anywhere else unless in the hands of someone who is going to Detroit. Paper money in itself is no better than that scrip. As I see it, we have gone off the gold standard, and we must remain off the gold standard until we get this matter stabilized.

Let me say again to the Senator from Michigan that it is my judgment that, although we are off the gold standard, this financial matter could be so handled that paper money would go to a premium above gold. If we should today make paper money so scarce that people could not get such money with which to pay their restaurant bills, their traveling and other bills, if they had to have it and could not get it, paper money would be at a premium over gold. That can happen if paper money is made sufficiently scarce. That is the explanation of my theory; that if we had started earlier and placed some additional money in circulation we would have brought down the buying power of gold, and all that is now proposed would have been unnecessary.

Mr. VANDENBERG. Let me bring the Senator back to my particular question. It is my understanding that the chief use intended to be made of the gold-dollar section of the bill is to arm the President in conducting international negotiations in respect to the international stabilization of gold.

Mr. THOMAS of Oklahoma. I would say that, in my judgment, it has two possible benefits for this country. What the Senator has mentioned is one of them, but it is not the only one. If the President finds that the other nations cannot go back upon the gold standard at the present value of gold, then in adjustment with them we will have to reduce the number of grains in our dollar; but if the other nations will not go back on the gold standard under an agreement, then we must remain off that standard or else voluntarily reduce the number of gold grains contained in the dollar in order to make it comparable to theirs, and try it alone, which I do not think will be done.

Mr. VANDENBERG. But the Senator does not expect that any such experiment will be undertaken, at least until an international effort has first been made?

Mr. THOMAS of Oklahoma. Absolutely not.

Mr. VANDENBERG. Very well. Now, does the Senator think that his amendment, without this advance authority to the President in it, but with a perfectly frank feeling on the part of Congress that it is ready to be receptive to an international agreement if, as, and when made, would cease to be useful if there were a present elimination of this warrant for the international agreement?

Mr. THOMAS of Oklahoma. Mr. President, let me answer that question in this way: If this section should be stricken

out and the President should not be given the power vested in him arbitrarily to decrease the gold content of the dollar, and then he should participate in an international conference as President Wilson did at Versailles, in what position would he be placed? President Wilson no doubt thought that any agreement or treaty he made would be ratified by the Congress; but President Roosevelt, knowing of the experiences of former Presidents, will enter that conference with regard to money and say: "I cannot agree to anything; I must take any suggestions you may make back to the Congress; any treaty that I may propose will have to be passed upon by the Congress." Then he will get the best agreement he can. He comes back and submits it to Congress, and then what will be the result? Unending debate, because we never could agree upon the number of grains that should be in a gold dollar. Some want many grains in the dollar and others want few grains in the dollar, and we would never agree. Those interested in silver cannot agree as to that metal.

Mr. VANDENBERG. Let me use the precise example the Senator has submitted, because it is equally eloquent in illustrating, it seems to me, the menace of this section. Suppose President Wilson had been given this precise type of authority before he went to Versailles; the United States today would be a member of the League of Nations, which certainly would not be agreeable to a vast majority of the American people.

Mr. THOMAS of Oklahoma. I do not want to get into that discussion.

Mr. VANDENBERG. I am merely using the Senator's example.

Mr. CONNALLY. Mr. President, will the Senator yield at that point?

Mr. VANDENBERG. I yield.

Mr. CONNALLY. Let me suggest to the Senator from Michigan a difficulty about deleting the provision with reference to the gold content of the dollar and undertaking to have the President negotiate on the assumption that Congress would later approve his action. Can the Senator understand with what timidity foreign nations would enter into any agreement as to the stabilization of their money without the assurance that when they make the agreement the United States is going to carry out its part of the contract?

Mr. VANDENBERG. I can fully understand that.

Mr. CONNALLY. Does not that suggest to the Senator's mind how desirable it is to invest the President with the power proposed, so that when he enters into an agreement as to fixing the gold standard throughout the world that the standard will be fixed in accordance with that agreement?

Mr. VANDENBERG. Yes; but offsetting that timidity, there is what seems to me to be a rightful timidity within our own confines respecting how this grant of power might be used. It seems to me a perfectly good argument may be made either way.

Mr. CONNALLY. If the Senator will permit me further, if our agreement as to fixing the number of grains in the gold dollar is on the same level with other nations' currencies with relation to their former standard, would there be any harm in the agreement?

Mr. VANDENBERG. I cannot answer the Senator until I see the agreement.

Mr. CONNALLY. How are we going to get the other nations of the world back on the gold standard when it is impossible for them to go back on the old standard unless we fix a standard somewhat comparable to their own and agree that that shall be an international standard?

Mr. VANDENBERG. I agree we must do precisely that thing, I will say to the Senator.

Mr. CONNALLY. How are we going to do it unless we give the President, who is going to do the negotiating, the power to do what we want him to do and what the Senator says we have got to do, rather than to go into a conference and say, "I hope Congress will ratify what I am going to do;

I do not know whether it will or not, but I hope it will"? Would foreign nations make such an agreement?

Mr. VANDENBERG. Yes; I think they would.

Mr. CONNALLY. And then take the chance of the debate here, the logrolling, and so forth?

Mr. VANDENBERG. Yes; I think they would; because in 150 years there are only a few outstanding examples of failure on the part of the American Congress to sustain their negotiators in respect to international agreements.

If the Senator will permit me to say so, I think there is a very general feeling, so general that it is quite dependable, that there ought to be an international rearrangement in respect to both gold and silver. It would not trouble me in the slightest to vote in favor of a revaluation of the gold dollar on the proper basis of a firm international contract. The thing that disturbs me is to put a blank check in anybody's hand. It is no reflection on the integrity or the judgment of the President; I would feel precisely the same way in respect to any President. I do not think the good Lord ever made one man wise enough to use that much power. Since there is such a general meeting of minds in respect to the need for the international stabilization, both of gold and of silver, I think the President goes into the negotiation under far different circumstances than President Wilson went to Versailles in respect to the League of Nations.

Mr. CONNALLY. I do not care to discuss the League of Nations.

Mr. VANDENBERG. I only use that example, because the Senator from Oklahoma used it to illustrate the point the other way around.

Mr. CONNALLY. My objection to a discussion of the League of Nations is that I have found that whenever a Republican gets in the hole on any question, he tries to drag the League of Nations around the Senate Chamber a few times.

Mr. VANDENBERG. This is not merely a Republican Senator engaged in this debate at the moment, and he is in no hole—

Mr. CONNALLY. I am not charging the Senator with anything; I am stating what has been done here before, and I hope the Senator from Michigan will not follow that example.

Mr. VANDENBERG. This is a Senator of the United States endeavoring to determine what the truth of the situation is. If I could have an international contract laid down upon my desk that I could vote for definitely and specifically, I should have no horror about reducing the gold content of the dollar if our constitutional right to do so may be favorably resolved. The thing that is disturbing me is the grant of an unknown power to achieve an unknown objective. I do not think that is in keeping with the spirit of our democratic constitutional institutions.

Mr. WHEELER. The thing that bothers me is whether or not the Congress has a right to delegate its constitutional power in advance to ratify a treaty. In other words, every treaty has to be ratified by the Senate of the United States.

Mr. CONNALLY. It is not a treaty.

Mr. WHEELER. Of course it is a treaty. It cannot be otherwise.

Mr. CONNALLY. The authority granted the President is not to make a treaty.

Mr. WHEELER. What else is it?

Mr. CONNALLY. It is that when he enters into this agreement he does something with relation to our own currency, independent of any agreement, so far as a binding treaty is concerned.

Mr. VANDENBERG. He has to have an international contract or the thing is of no dependability.

Mr. CONNALLY. Suppose Great Britain and France do the thing, it would not be necessary to bring back a treaty.

Mr. VANDENBERG. I think though, in the very spirit of the Senator's own questions to me a little while ago, they would require us to sign on the dotted line before they believe us, precisely as we would require them to sign on the dotted line.

Mr. CONNALLY. The Senator said we should make an agreement to bring it back. What would happen with reference to international exchange in the meantime? Here we would be under an agreement to fix it at a certain ratio. We do not know whether that would be done or not until Congress approves or rejects it. In the meantime the fluctuation in our money and exchange would do the very thing that we are trying to avoid. It would destroy our foreign trade and throw the whole international picture into confusion and chaos.

Mr. VANDENBERG. That argument is a two-edged sword. I contend that when we create an unused Executive power of the extent here contemplated, which can be exercised at any time in any direction and in any way that the Chief Executive desires, we have thereby created the precise uncertainty to which the Senator from Texas adverts; and it is one more reason why I have a feeling that I prefer certainty to uncertainty in respect to the contract.

I will say to the Senator from Texas that if this unused but potential authority is to be left in suspense indefinitely in the hands of the President, to be used by him to move dollar values up or down when, as, and if he sees fit, I would ask for no better opportunity to get all the wealth that I could ever hope to spend than just one advance bit of information respecting his contemplated use of that power. I think it is an exceedingly dangerous thing for the most honest of men to be put in a position where even a remote leak respecting that information could lead to a scandal besides which Teapot Dome would be a tea party instead of teapot.

Does the Senator see the point to which I advert?

Mr. CONNALLY. I see the point, but I do not see that it relates to this matter any more than any other leak when the Executive or the Congress is about to take some fundamental action. Of course, leaks about what we are going to do here might occur. If anyone knew in advance about such action with respect to the stock market or anything else, that advance information could be turned to private advantage. That is inevitable. But if the procedure suggested by the Senator from Michigan were followed, we would not need this bill at all, because the President now has power under the Constitution to make treaties with foreign countries. If we are going to fall back on the treaty-making power, then there is no occasion for the legislation at all.

This is an extraordinary grant, but we are living in an extraordinary era. We are living under tremendous difficulties. This is a short cut, of course. We all know that. It never would be called for except for the exigencies of the existing situation. But how is the President going to deal effectively and aggressively and quickly with the foreign powers unless when he says, "We will reduce or raise the dollar", other governments dealing with him know that that will take place?

Under the European form of government and their parliamentary system, Prime Minister Ramsay MacDonald and his government tomorrow can make an agreement of that kind and it is permanent. It does not have to be ratified by anybody, because they are the government.

Mr. VANDENBERG. I am fully aware of that fact.

Mr. CONNALLY. Why should not we do the same thing?

Mr. VANDENBERG. Because we are not under the European system.

Mr. CONNALLY. We ought to be able to function in an emergency such as this just as the European system functions.

Mr. VANDENBERG. That is an age-old argument. The European form of government and our form of government are different. I hesitate to depart from our form of government and paraphrase the European form. The Senator's question illuminates the fundamental difference in philosophy of approach to the question. He has put his finger on one of the things that disturbs me. I cannot conceive that we can paraphrase the British system and graft that paraphrase upon our system and have a constitutional democracy left. I agree with him that except as this op-

tional power is granted to the President, there would be no need to include the gold section in the bill. In fact, that is the base of my original inquiry which precipitated this entire debate. My question has been whether there is substantial utility in the bill for the present if the gold section were eliminated pending the outcome of some international agreement. Under such circumstances, I could go along with this program.

Mr. REED. Mr. President, I move to amend the pending amendment by striking out, on page 5, beginning in line 1, down to and including line 18.

Mr. WHEELER. Mr. President, will the Senator allow me to offer my amendment before that is done? I have an amendment affecting this section which has been printed and lying on the table several days.

Mr. REED. I am sure that what I am proposing will tend to perfect it. If the Senator prefers to have his amendment offered first, I have no objection.

Mr. WHEELER. Let me say to the Senator from Pennsylvania that it does not make very much difference. The Senator is moving to strike out the so-called "gold clause"?

Mr. REED. That is true.

Mr. WHEELER. I am proposing to amend it. My amendment has been submitted to the administration, and my understanding is that the Executive is favorable to it. It gives him the power to remonetize silver at some fixed definite ratio in the event he may see fit to do so.

Mr. REED. Is the Senator proposing to amend that part which I am proposing to strike out?

Mr. WHEELER. Yes; that very part.

Mr. REED. Then I think the Senator's amendment ought to come first.

Mr. WHEELER. That is the way I thought about it.

Mr. SMITH. Mr. President, I understand the Senator from Montana is offering an amendment to have it printed and lie on the table?

Mr. WHEELER. No; it has been printed and is on the table. I should like to have it adopted.

Mr. REED. Oh, no; it will lead to considerable debate.

Mr. WHEELER. Then I will offer the amendment and let it be pending.

The PRESIDING OFFICER. The amendment will be read for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Montana proposes to amend the amendment of the Senator from Oklahoma, on page 5, by striking out the words beginning with "by proclamation" in line 1 down to and including the words "foreign currencies" in line 5, and insert in lieu thereof the following:

By proclamation to fix the weight of the gold dollar in grains nine tenths fine and also to fix the weight of the silver dollar in grains nine tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. TYDINGS in the chair). The Senator will state it.

Mr. McNARY. Is the pending amendment the one offered by the Senator from Pennsylvania [Mr. REED] or the one offered by the Senator from Montana [Mr. WHEELER]?

The PRESIDING OFFICER. The understanding of the Chair is that the Senator from Pennsylvania withholds his amendment until the amendment of the Senator from Montana shall have been acted upon.

Mr. REED. That is true, but I desire to be recognized to speak on the amendment of the Senator from Montana. I should like to be recognized for some remarks upon the amendment, but if I am recognized, I should be perfectly willing to let the remarks wait until tomorrow.

Mr. SMITH. Mr. President, as soon as the Senator from Pennsylvania [Mr. REED] is recognized and makes his request I desire to move a recess.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CONNALLY. Mr. President, I want to ask the Senator from Pennsylvania if, when he proceeds in the morning, it will be to discuss the Wheeler amendment or the gold-content question?

Mr. REED. Partly the Wheeler amendment but chiefly the gold content.

Mr. McNARY. The Senator from Pennsylvania desires to be recognized for the purpose of speaking first in the morning?

Mr. REED. Yes.

The PRESIDING OFFICER. The Senator from Pennsylvania has been recognized for that purpose.

Mr. REED. I yield now to the Senator from Texas [Mr. CONNALLY].

CROP-PRODUCTION LOANS TO FARMERS

Mr. CONNALLY. Mr. President, I ask unanimous consent for the immediate consideration of the joint resolution (H.J.Res. 135) to amend section 2 of the act approved February 4, 1933, to provide for loans to farmers and for crop production and harvesting during the year 1933, and for other purposes. I have consulted about it with the minority leader, the Senator from Oregon [Mr. McNARY]. This is an amendment of the Crop Loan Production Act, which makes it possible to loan to wheat farmers who grow winter wheat. It must be acted on quickly, because the loaning period expires the 1st of May.

Mr. McNARY. Mr. President, as I recall the statement of the Senator from Texas to me, this is a House joint resolution which was referred to the Committee on Agriculture and Forestry and by that committee reported favorably and is now on the calendar.

Mr. CONNALLY. That is correct.

Mr. McNARY. I have no objection.

There being no objection, the joint resolution was considered, ordered to a third reading, read the third time, and passed, as follows:

Resolved, etc., That section 2 of the act of February 4, 1933 (Public, No. 327), be, and the same is hereby, amended by adding at the end of the first sentence thereof the words "and in the case of summer-fallowing or winter wheat, a first lien, or an agreement to give a first lien on crops to be harvested in 1934, shall, in the discretion of the Secretary of Agriculture, be deemed sufficient security."

RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 11 o'clock tomorrow morning.

Mr. McNARY. Mr. President, a number of Senators have expressed to me the hope that, in view of committee meetings and pressing office work, we shall not meet tomorrow until 12 o'clock. I hope the Senator will agree to that. If we do not conclude consideration of the amendment tomorrow, I shall be very happy to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. I think that all Senators recognize that, if possible, we must get this legislation passed. I have refrained from asking for a night session. I hope that we may go along in the ordinary course and get through with the bill. I do not want anyone denied an opportunity to express himself, but we are about to make a freight train out of this measure. Attached to the engine are numerous box cars carrying every kind of provision, and it is getting to the point where I am afraid the engineer and conductor cannot keep it on the track.

Mr. McNARY. I share that feeling, but I feel certain that if we meet at 12 o'clock tomorrow we can dispose of the pending amendment. If we do not dispose of the bill tomorrow, then I shall be glad to cooperate with the Senator to recess until 11 o'clock on Wednesday morning.

Mr. SMITH. Will the Senator join with me in an endeavor to hold a night session tomorrow?

Mr. McNARY. Let us compromise by taking a recess until 11:30 tomorrow morning. That will give us more time.

Mr. SMITH. Then I will modify my motion, and move that the Senate recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, April 25, 1933, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate April 24 (legislative day of Apr. 17), 1933

AMBASSADORS EXTRAORDINARY AND PLENIPOTENTIARIES

Sumner Welles to be Ambassador Extraordinary and Plenipotentiary to Cuba.

Breckinridge Long to be Ambassador Extraordinary and Plenipotentiary to Italy.

HOUSE OF REPRESENTATIVES

MONDAY, APRIL 24, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O give thanks unto the Lord; for He is good, and His mercy endureth forever. We praise Thee; we thank Thee for Thy unfailing care. By the vision, by the passion of our patriotism, by the fervor of our industry, by the stern ideals of duty, may we prove ourselves worthy of the public trust. In every way, O Lord, make us instant to expose wrong, quick to detect evil, and ready to denounce the unjust. Almighty God, as the Ambassadors of disturbed lands gather in state in yonder executive chamber, O fill the unseen chair at the council table. By the ministry of brotherhood may they enter into cooperation with Thee and hasten the golden age of the world. Grant that their deliberations may be as coals of fire upon all rivalries and animosities that pall mankind. May they redeem all lands from their desperate condition. O welcome the day when they shall give back the song of the angels—"Peace on earth, good will to men." And may they never again keep step to the grim music of the hymn of hate. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of Saturday, April 22, 1933, was read and approved.

EXTENSION OF REMARKS

Mr. GOLDSBOROUGH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a radio address delivered by Mr. Edward A. O'Neil, president of the Farm Bureau Federation, on April 21, 1933.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. Mr. Speaker, I reserve the right to object. Is this a Member of the House who delivered this address?

Mr. GOLDSBOROUGH. No. It is Edward A. O'Neil, president of the Farm Bureau Federation.

Mr. CLARKE of New York. Oh, he is just one of these farm agitators. I object.

MUSCLE SHOALS

The SPEAKER. Pursuant to House Resolution 111 the next business in order will be the further consideration of House bill 5081, the Muscle Shoals bill. The gentleman from Michigan [Mr. JAMES] has 2 hours and 9 minutes left and the gentleman from South Carolina [Mr. McSWAIN] has 2 hours and 2 minutes left.

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. McFARLANE].

Mr. McFARLANE. Mr. Speaker, I rise to speak in favor of this bill, believing that it is one of the best bills that this session of Congress has considered. The question of the operation of Muscle Shoals has been before Congress for the past number of years, but for some reason or other it has been always sidetracked, and we have never been able to enact satisfactory legislation covering the project. This bill from every standpoint should be promptly enacted into law, so that the Tennessee Valley and the farmers of the Nation may have the benefit of it.

FERTILIZER PRODUCTION

Not only will it reduce the price of fertilizer to the farmers but it will assist in the reduction of electric-power rates to all people in the area generally affected by this project. This measure gives wide authority either to operate the present plants or to lease them for production of nitrogen or for other fertilizer ingredients for agricultural purposes. Adequate safeguards are placed in the bill to protect the marketing of these products.

GENERAL PURPOSES OF BILL

It is well recognized that there are four distinct fields of usefulness in which a valuable service can be rendered by the Muscle Shoals project:

First. Nitrate manufacture for national defense.

Second. Fertilizer production.

Third. Power development.

Fourth. Navigation improvement.

All who favor this legislation hope and believe that each of these projects will be well developed and the work carried on under an administration friendly to the purposes for which the act is created.

I trust that the gentlemen on the other side of the aisle will join with us in the speedy enactment of the legislation.

MUNICIPALLY OWNED POWER PLANTS

I have in my district six municipally owned light plants that have made a wonderful record of progress in furnishing their customers power at cheap cost. These plants are located in the following cities: Denton, Sanger, Bowie, Burkburnett, Vernon, and Seymour. I hold in my hand a press copy of the record which the plant in Denton, Tex., made in the reduction of power rates. I ask unanimous consent to insert this brief statement in the RECORD as a part of my remarks.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I reserve the right to object. Is that newspaper publicity?

Mr. McFARLANE. It is not. It is just a statement by the mayor of Denton, Tex., showing the record made by the municipal light plant of that city. It is not lengthy.

Mr. CLARKE of New York. Mr. Speaker, I think our RECORD is now already overlogged and, so far as I am concerned, I shall register an objection to that.

Mr. RICH. The gentleman is taking my time. I expect to register an objection.

Mr. CLARKE of New York. The gentleman's time is just as valuable as mine. I object.

Mr. McFARLANE. Then I want to briefly refer to it and read it into the RECORD.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. McFARLANE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

Mr. CLARKE of New York. His own remarks?

Mr. McFARLANE. My own remarks.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. TURNER].

Mr. TURNER. Mr. Speaker, the question of further development and appropriate use of the great hydroelectric plant at Muscle Shoals has recurred with unvarying regularity at every Congress since the ending of the World War. Those who would be most directly affected—those who would enjoy the largest measure of benefit from its use—would be the people of Tennessee and Alabama. Three counties in my district border on the Alabama line, and it is less than 60 miles from the geographical center of this district to the Wilson Dam at Muscle Shoals.

Our people, during all the years that have intervened since the utilization of Muscle Shoals Dam was first proposed in Congress, after the ending of the World War, have alternated between feelings of high hope and deep disappointment. They have not been able to understand why the declared purpose of the Government in building the great plant there for manufacturing nitrates to meet the

exigencies and demands of the World War and for the further purpose of manufacturing fertilizers for peace-time use should not have been carried out.

The failure to use this great power development, in which the Government has invested the peoples' money, of approximately \$147,000,000, can only be explained and accounted for by the well-known organized opposition of the great power and fertilizer companies.

The methods of propaganda used by power companies, of political manipulation, of the uncontrolled and corrupt use of millions of dollars, have been disclosed by an investigation of the Federal Trade Commission in which it was shown that these great interests bought newspapers, controlled others without owning them, subsidized college professors and teachers, and controlled political conventions and legislatures. These great interests fear that the people of the entire United States will have a great scale illustration of the cheapness of the cost of production and distribution of power and fertilizer, so they have not and do not spare effort or expense to kill every attempt to develop it.

Mr. Speaker, the people of Tennessee, of Alabama, of the South, and of the whole country—those who believed in the use of this great power development for furnishing cheap electricity and cheap fertilizers—were deeply discouraged until President Roosevelt became the candidate of the Democratic Party for President. All that was known of his trend of thought, of his policies and beliefs, and his courage for action with reference to power development and control while he was Governor of New York, gave assurance that if elected he would see that proper use of this great project would be made.

Mr. Speaker, after he was elected he gave to representatives of the public press, down at his Warm Springs home in Georgia, an outline of a great experimental demonstration which he would make—of what might be accomplished for the direct benefit not only of the Tennessee Valley but the surrounding States, and for its educational value to the people of the United States. In the great area comprising the watershed of the Tennessee River and its tributaries—40,600 square miles in extent—a great laboratory test would be made, an experiment of vast proportions, of far-reaching benefits—an experiment which might profoundly and helpfully affect the people of the whole United States.

This development scheme would begin with the great Wilson Dam at Muscle Shoals as the nucleus of operations and extend up the valley and to the far-away mountains of Virginia.

The bill which we have under consideration sets forth the powers and duties to be exercised by the officials of the "Tennessee Valley authority", a corporate body to be set up, whose directors and officers are appointed by the President, and sets forth in detail the ends and objectives of the measure and the manner in which they shall be achieved.

In this great laboratory test there will be carefully planned use of many different resources, together with the development of various activities. The great dam at Muscle Shoals, which is the major factor in the combination, would be further developed and more fully equipped by the addition of other power units for generating electricity as needed to attain maximum capacity. The power developed will be used for manufacturing fertilizer—nitrates—fertilizers in concentrated form and of high availability as plant foods. The best fertilizers that chemists and scientists can evolve will, no doubt, be made here and made available under the terms of the bill for demonstrations and tests at all the demonstration farms, the agricultural-college farms, and on those belonging to farmers throughout the United States who will use them under such conditions as will permit an estimate of their practical value. It is further provided that fertilizers shall be sold, giving preference to farmers, at cost, plus 4 percent. In this way—through such experiments and use—the farmers everywhere will be able to realize in a practical manner the maximum of benefits to be derived from their lands and their labor.

The surplus of electric power under the terms of this bill will be disposed of at wholesale prices to cities, towns, States,

corporations, partnerships, and individuals and cooperative organizations of farmers and citizens—preference always to be given to those who are not procuring it for the purpose of selling for a profit. Should it become necessary to assure low rates for the people, the corporation controlling the Muscle Shoals property is authorized to lease or build transmission lines to carry electric current to towns, communities, or cities. The building of transmission lines by the authority at Muscle Shoals will depend on the success of efforts first to be made to have it transmitted by firms or companies engaged in the distribution and sale of electricity at fair and reasonable rates.

The surplus power is primarily for the benefit of the people as a whole, particularly domestic and rural consumers who are given preference over industrial users. By making maximum developments on the Tennessee and its tributaries, industries, no doubt, will be able to procure power for their use, and the cost of developing on a large scale will make the price to the domestic user very much less by reason of this large load factor.

Another great objective of the bill is the creation of storage basins or reservoirs in the upper valley—the first to be made at Cove Creek, where a great dam will be built. This great storage of water may be released in seasons of low water, generating electricity at the dam. The released water will help to equalize the flow over the dam at Muscle Shoals and will add to its power as it will to any other intervening dams. The benefits of these great storage basins will inure to the benefit not only of the towns, cities, and people on the Tennessee River but will favorably affect the people living on the Ohio and Mississippi Rivers who suffer periodically great flood damage.

The measure provides for improving navigation on the Tennessee which eventually may be of tremendous importance to the people along the Tennessee River from Knoxville to the Ohio River and to commerce generally.

Mr. Speaker, among the new factors entering into this great carefully planned program, and not of least importance, is that of reforestation of the highlands. The immediate benefits to be derived from this part of the general plan will come from the employment of thousands of idle men and in preventing destruction and timber loss and damage by forest fires. Reforestation of cut-over lands, of marginal lands, is a foresighted provision for growing timber for the use of future generations and for conserving the rainfall by forest growth. This will not only be of great value in providing future stores of timber but will prove a valuable aid in flood control.

This part of the program is peculiarly that of the President, who profoundly believes the Government should be mindful of the future as well as of the present. It is also a part of his great demonstration plans to withdraw non-productive marginal lands from cultivation and make use of them by planting in trees and by other appropriate uses. The reclamation of the rich swamps and overflow lands, by drainage and other means, will compensate for the withdrawal from cultivation of marginal lands and of great benefit to the adjacent territory in that it will help to rid such sections of mosquitoes and the miasma of the swamps, which endanger the health of the surrounding communities.

In this great experimental laboratory is to be tested and proven the benefits to be had from the combination of cheap power for public and private use, of the manufacture of nitrates and fertilizers, of reforestation, the withdrawal from cultivation of marginal lands, the reclamation of swamps, of building great dams at Cove Creek and other points for aid in flood control and for the development of electric power, for planned provision for making farm life in this great valley inviting, thereby drawing thousands of people from centers of population to make a living on the cheap lands not only in the valley but in all the nearby adjacent country.

Out of this great laboratory test which combines all these factors and elements, what will be the result?

Perhaps the greatest value of this stupendous undertaking will be found in the demonstration of the value of well

thought out plans for combining in one general scheme the many important undertakings authorized by this measure, which, if successful, and it will be, widespread public attention will be drawn to it. It will be visited and studied by millions of people. It will be followed by other great combined enterprises of like purpose in other sections of the United States.

Mr. Speaker, four of the counties in my district have their western boundaries on the Tennessee River quite a distance below Muscle Shoals. This great river enters Tennessee again not many miles below the Shoals. In the lower river it has great power possibilities as have the many streams running through the counties of my district and emptying into the great river. We have the hope that the time will come when the lower river, with its rich land and many power resources, will be developed, the power to be used not only for local benefit but to supply the people of Kentucky, Missouri, and Illinois. To make this project what it really should be, a dam should be constructed at Aurora, Ky., and at other points between Aurora and the Wilson Dam.

A greatly discouraged people in the South, as they come to better understanding of this great vision of a great leader, will take heart again; will see opportunities for work and employment for many, for the sale at better prices of their products, for cheaper electricity for their various uses, for cheaper fertilizer, for home life made easier and more comfortable by placing within their reach aids to better production from their lands and conveniences in their homes and on their farms they have been unable to enjoy.

For my part, I can foresee great industrial enterprises springing up at Muscle Shoals employing thousands of people. Many will be able to drive over the line daily from Tennessee to work and return home at night. The blessing of cheap electricity will be carried to untold thousands, who are now paying exorbitant lighting and power rates. The average throughout the towns in my district for home use is now about 10 cents per kilowatt. I see better local markets made possible by this development for much of what the farmers produce, not only at Muscle Shoals, but because of other industrial enterprises which will come to all of our towns and cities where cheap power will be made available. I can see many of the unemployed of my section working in reforestation, in the reclamation of swamp lands, in building dams, and other activities directly pertaining to this great scheme of development. I can see farmers producing cotton, corn, wheat, tobacco, and all the farm and vegetable crops at less cost and on smaller acreage. I can see a great demand for the splendid deposits of phosphate rock which abound in six counties of my district and in other middle Tennessee counties.

Out of the tests in the chemical and scientific laboratories at Muscle Shoals, there will be methods evolved for extracting the fertilizing elements contained in phosphate rock which are now unknown. This necessary element for almost every fertilizer will be sent to farmers everywhere at low cost for transportation, cheap in price, in highly available form for plant growth, and suitable for home mixture. The use of phosphate will develop great mining propositions, giving employment to thousands in our great basin of Tennessee so rich in this great resource.

Mr. Speaker, I can see plantations divided into smaller farms to supply those who will come to our section, which has been favored by nature with a splendid climate, abundant water, and productive lands. I foresee as a result of this great demonstration to be made in the public welfare and for the general good a strong movement of people from centers of population which will aid in balancing the distribution of population.

Mr. Speaker, I have already stated that the average rate for electricity to home users in my district is about 10 cents per kilowatt-hour. It was shown by uncontroverted proof before the Military Affairs Committee, of which I am a member, that in the city of Windsor, Canada, just across the river from Detroit and 240 miles from the plant at Niagara, they are selling their power to users for 1¼ cents per kilowatt-hour and making a profit, which they returned at the

end of the year, paying back 10 percent of consumers' bills for the year. In the city of London, Ontario, the city buys its power from this great Government-owned Niagara Falls plant, and sells to its consumers at 1½ cents per kilowatt-hour. This city, after paying for its power, paying interest, insurance, depreciation, and all other expenses, showed a profit of \$80,000 per year.

Mr. Speaker, with all the power possibilities of this great plant so near to hundreds of thousands of people, why should they be burdened with exorbitant rates? Why should they grope longer in the dark? Why not give them light and power for their use, enjoyment, and pleasure? Why not permit them some of the profits of the new deal? Why should power companies be permitted to collect exorbitant rates from the people to be used in paying profits to over-capitalized companies and to the many holding companies who skim the cream off of the operating companies' earnings and who have put wind and water into the companies' bonds and stocks and claim the right to returns on all their grossly inflated capital structure?

Mr. Speaker, let us now insist that our people have a right to as low rates as those people of Canada. Let us pass this bill and assure ourselves the benefit of all its advantages and blessings.

We of the South have good reason to be hopeful and confident. We are thankful we have a President who has visions of putting into effect and carrying to success great enterprises for the public welfare—enterprises too costly for private undertaking, too great for States to carry out.

We believe the people of our section of the South stand on the threshold of a happier and better era and that the entire Nation will benefit by this great laboratory experiment. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 15 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Speaker, the reason that H.R. 5081, the so-called "Muscle Shoals bill" introduced by the gentleman from Alabama [Mr. Hill], is before the Committee on Military Affairs, is because of section 124 of the National Defense Act, which requires the President to investigate the question of nitrates in time of war, and of fertilizers in time of peace.

This bill, as reported from the committee, goes far beyond the scope as planned in section 124 of the National Defense Act, especially through sections 27 and 28 of the bill, which I will touch upon later. The bill proposes to put the Government into a field of commercial enterprise heretofore exclusively operated by private industry.

The gentleman from Alabama [Mr. Hill] said he was not going to touch upon the question of power and he did not touch very extensively on the question of fertilizer, so I should like to direct my remarks for a few moments to those two subjects.

This great Government project was started during the war in order to supply power that would let us manufacture nitrate, so necessary in the production of explosives for munitions. The Government spent \$150,000,000. About \$47,000,000 of that money was spent in the development of the Wilson Dam, a hydro-power dam, costing \$47,000,000, and the testimony shows there are only 45,000 to 50,000 kilowatts of primary power at Wilson Dam No. 2, 10 percent of the time. During the other 90 percent of the time it may develop upward of 75,000 kilowatts. It is necessary, in order to get more hydro power at Dam No. 2, the so-called "Wilson Dam", to build the proposed Cove Creek Dam. It was estimated that that dam would cost \$34,000,000 some years ago, but I think it might be fair to say it might be reduced by perhaps 30 percent of the original estimate today, so that it would take somewhere between twenty and twenty-five million dollars more for the Cove Creek Dam.

It is proposed, when that dam is built, to generate through hydro power, some energy. The testimony reveals about 10,000 horsepower, if my memory serves me correctly. The main purpose of this second dam is to impound water so that more water will be in a uniform flow, coming down

to the Wilson Dam No. 2, to give more electrical energy there.

It is proposed by this bill to later construct what is referred to as Dam No. 3, and many other dams for so-called navigation and flood-control purposes. To my mind, those other dams are more or less veiled around this whole power question, not so much perhaps for navigation purposes and flood control as the real purpose behind this bill, which is to build up the maximum amount of electrical energy by hydro power at Muscle Shoals.

On Saturday the gentleman from Tennessee stated that in his opinion we could generate around 2,900,000 horsepower after this whole development had taken place. There is other testimony which shows that we could generate 5,000,000 horsepower. The testimony before our committee, covering a period of years, indicates that the cost of building those hydro-power plants, as a minimum fair figure, would be \$125 per kilowatt. If that project were carried out, to give the fullest amount of electric energy by hydro power, that alone would cost the Government somewhere in the neighborhood of \$700,000,000. I think that is a fair statement, based on the testimony given to our committee. However, this bill makes authorization for an appropriation of \$50,000,000 and not the entire \$700,000,000, but that is contemplated as just a small part of this project that the committee had in mind in reporting out this bill.

Now, I want to call attention to the fertilizer situation. As this bill was originally introduced it did not require the manufacture, either by the Government or by private operators, of any definite amount of fertilizer. In connection with this entire Muscle Shoals question that has been one of the foremost arguments in connection with the development of the project, cheaper fertilizer for the farmers, with two different schools of thought, one, that the Government engage in this business for the production of cheaper fertilizer, and the other that private capital go in for the production of cheaper fertilizer.

Nitrate plant no. 1, about which we have heard so much talk, is practically out of the question, as it is obsolete. I think it is fair to say that that plant is obsolete, whereas plant no. 2, which is the large plant, can be used for the production of fertilizer, either in the fixation of nitrogen or by the electric-furnace process of making phosphoric acid, and possibly other ingredients. The prices of nitrogen in the world, not only in the United States, have gone to very, very low figures. In fact, it has been stated that the prices are so low that the people making nitrogen cannot even get a fair return on their invested capital. At any rate, we know that nitrogen is overproduced today in the world and that the United States has a very large supply; but to insure for the future for national defense, and that is the only national defense that I see in the bill, we require this authority to maintain nitrate plant no. 2 in stand-by condition so that it could be used in time of war if it were found economical and wise to use it. In my judgment, that is all the national defense there is in the bill for war times. I admit there are possibilities down there at Muscle Shoals to make very large quantities of fertilizer, which the committee had in mind when it wrote section 124 of the National Defense Act. We require in this bill a minimum production during the first 2 years of 10,000 tons of fertilizer or fertilizer ingredients. If it is found uneconomical to make nitrogenous plant food, we can then turn to making phosphoric acid. After that first 2-year period it is the purpose under the bill to build that capacity up to its maximum capacity, but I call the attention of the House to some of the diverting factors which, in my judgment, will prevent us getting these large amounts of fertilizer either by Government or by private operation. For instance, in one section of the bill the President is authorized to exchange electric energy for land, to be used for manufacturing purposes for other industries, the electrochemical industry, and so forth; and there is a sort of veiled idea in this bill of trying to bring in these other industries under sections 27 and 28 for the social and physical well-being of the people of this district—

the purpose is to bring large industries down into the Tennessee Valley.

Let me submit to the House that if these large plants are brought down there for the manufacture of commodities other than fertilizer or nitrogen, just that much more power will be taken away from the manufacture of fertilizer. Yet there is a provision in the bill whereby fertilizer manufacture may have a certain amount of this power.

These are some of the things the proponents of the bill wish to see accomplished, but I doubt very much if they will because of some of the other factors I have mentioned.

There is a provision in the bill that the Tennessee Valley Authority shall construct a transmission line to transmit power from the Cove Creek Dam and the Wilson Dam. This is mandatory on the authority under the terms of this bill. Therefore you can see they will try to develop this property for manufacturing purposes other than fertilizer. In addition to making it mandatory upon the authority to build this transmission line, the authority is authorized to construct transmission lines in any direction from the generating plants to an extent of 400 miles. They may duplicate, they may parallel, the existing lines of private companies serving this district; and may I point out to the House at this time that the testimony before our committee indicated that only two thirds of the generating capacity of private plants now in existence in these six Southern States is being marketed. In other words, right now the private companies in these six States have 1,000,000,000 kilowatt-hours of electrical energy that is unsold, according to the testimony of the officials of the power companies before our committee. The development of Cove Creek Dam and the output from Wilson Dam, without the construction of any of these other intermediary dams about which I have just spoken, would give us just as much more energy as the unsold output of existing facilities.

The minority views in the report accompanying the majority report indicates that there is now invested by private companies in these six Southern States, \$600,000,000, some, if not all, of which may be destroyed. The stocks and bonds of these private companies are held by the customers of these companies to the extent of some \$60,000,000.

In the construction of future dams other than Dam No. 2, under the provisions of this bill, it is required that the Authority show there is a reasonable market demand for the additional power before the dams may be constructed.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman from Connecticut 10 additional minutes.

Mr. GOSS. This Government may spend \$700,000,000 on this project.

I wish now for a minute to comment on section 27, which provides among other things, reading from page 17 of the report:

To aid and further proper use, conservation, and development of the natural resources of the Tennessee Drainage Basin and such adjoining territory as may be related to or materially affected by the developments consequent to this act.

What does this mean? The members of the committee do not know, as indicated here on pages 17 and 18 of the report in connection with sections 27 and 28. We took no testimony. No testimony was offered as to what the staggering, gigantic propositions may mean in dollars and cents to the American people. It provides for the general welfare of the citizens of said area. I ask the Membership of the House what the general welfare of the citizens of this whole territory means.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. GOSS. Yes.

Mr. BLANCHARD. I have been trying to determine the effect of this power development upon other industrial sections of the country. The gentleman is familiar with my district in Wisconsin. Does the gentleman care to state what, in his opinion, will be the effect of this development upon other industrial sections?

Mr. GOSS. Nobody can tell, because there is nothing in this act that requires the Government in operating these power plants or selling the electricity, either wholesale or retail, to do so at a profit. The Government may sell it at a loss or it may charge higher prices. This is left entirely to the authority. Thus nobody can foresee what the cost will be. I may say that many people hope power costs will be cut in two, but there is no section in this bill which requires the power or fertilizer operations to even earn interest on the money expended.

You will find the old familiar Ford plan, where they made a capital charge on the hydro plant of \$30,000,000 and on the fertilizer plants of \$6,000,000; that where they were very careful in these two instances to require them to get interest out of the investment. No such provisions prevail in reference to power or fertilizer.

The bill goes on to say: For the general purpose of fostering an orderly and proper physical, economic, and social development of said areas. Again I submit that neither the Secretary of Agriculture, the Secretary of Commerce, nor any Cabinet officer who might be called upon to act under the terms of this bill came before our committee to give us any information as to what this might mean.

The bill gives to the President the authority to make all such surveys and plans and to cooperate with the States. We do not know what kind of cooperation this means. In section 28, after giving authority on flood control and navigation to the maximum extent, the maximum flood control, the the maximum navigation facilities, it says:

To provide for the proper method of reforestation of all lands in said drainage district suitable for reforestation.

Here again, I submit, we do not know how much money will be spent. We do not know what plans the administration has in mind, because no testimony in this regard was given to the committee; and the same is true with reference to the economic and social well-being of the people living in said river basin and all adjacent territory.

A careful reading of sections 27 and 28, showing the very broad scope of the bill, discloses that it is nothing more than a state of socialism. No one can estimate what the demands for money will be to carry out the provisions of these two sections. I have already stated to the House that from testimony adduced before our committee and from the speeches of the proponents of this bill the Government may be obligated for some \$700,000,000 and upward.

Here is what the minority had to say:

In the opinion of the minority, any additional appropriations needed will be obtained through the issuance of bonds rather than coming back to Congress for such additional appropriations.

Here is the language I wish particularly to call to your attention:

Thus, while sacrifices are being made to balance the Budget, the public debt may be increased to an unlimited and potentially dangerous extent.

I have only tried in the short time I have had here to explain the vast sums of money that may be expended in the development of more power and in the production of some fertilizer and the carrying out of all these social-welfare activities with respect to the citizens residing in this entire area.

O Mr. Speaker, this bill is veiled under the purposes of national defense, flood control, and improvement of navigation, but when this bill comes back to us, as I expect it will, if we have before us from the conference committee the so-called "Norris bill," as a member of this committee studying the subject for several years, I do not really know what will be involved. I hope before the day is over some Member of the majority will come down here on the floor and try to explain to us some of the vague hidden powers contained in the bill under the guise of flood control and improvement of navigation. [Applause.]

Mr. Speaker, the bill reported proposes to put the Government into fields of commercial enterprise heretofore exclusively occupied by private industry—fields of activ-

ity never suggested by anyone who believes the functions of the National Government should be confined within constitutional limits.

If put into effect, the Government will be in business for the sake of business itself. While it declares that promotion of navigation, national defense, and flood control are primary purposes, it is obvious that enumeration of such purposes is only a smoke screen behind which the Government will engage in commercial business. Those who support the legislation would not do so if divorced from alleged constitutional powers. They make no other pretense. Only a flexible mind can conceive a relationship between the manufacture and sale of chemical products for fertilizer, the manufacture, transmission, and sale of electricity, and any constitutional function of the National Government. While the act does lip service to the power to regulate interstate commerce, to control flood waters, and provide for national defense, the real purpose to engage in commercial business is so manifest it is doubtful that any court could be deceived by the hollow claim that the purpose is navigation improvement, control of destructive floods, and preservation of national defense.

The control of the National Government over navigable waters of the several States is not a proprietary one but purely a delegated sovereign right to regulate, control, and improve the navigation thereon—*Port of Seattle v. Oregon & Washington Railroad Co.* (255 U.S. 56). The United States Supreme Court has held that no constitutional power resides in the Government to engage in business and that while the commerce clause permits the National Government to regulate commerce, it does not grant the right to engage in commerce—*License Tax Cases* (5 Wall. 462).

POLICIES DECLARED

By expressed provision (secs. 5 and 12) it is declared that the policy of the legislation is to improve, cheapen, and increase the production of fertilizer and fertilizer ingredients by carrying out the provisions of the act, and, so far as practical, to transmit or sell power equitably among States, counties, and municipalities within transmission distance.

There is a declaration of policy to construct joint power and navigation dams, to conserve and make available the power to provide cheaper navigation, and to create sinking funds to retire the cost of such dams, the power houses, and locks, but for some reason the Cove Creek project, estimated to cost \$34,000,000, and the Dam No. 3 project, estimated to cost \$20,000,000, are excepted. However, any future dam may be constructed on self-liquidating terms approved by the President, sufficient to return bond interest on investments chargeable to power and sufficient to amortize the capital cost. No provision, however, is included for self-liquidating operations in the fertilizer business or in the generation, transmission, and sale of power to the public, or for investments to be made to increase the generating capacity at the Muscle Shoals plant and the construction of the storage and power dam at Cove Creek and a power project at site no. 3, immediately above Muscle Shoals, or return to the Treasury of \$10,000,000 authorized for immediate activities, involving additional expenditures of some \$65,000,000 to \$70,000,000.

PROPOSED COMMERCIAL OPERATIONS

A recital of the activities in trade and commerce in which the corporation would participate shows that business enterprise is the objective. The charter powers of a private organization would not provide a wider scope for its activities. The bill creates a corporation labeled "Tennessee Valley Authority of the United States." It is permitted to have succession in its own name; to sue and be sued as would any private corporation; to use a corporate seal which must be judicially recognized; to make contracts; to adopt bylaws; to purchase, lease, and sell personal property; to acquire by lease, purchase, or condemnation real estate; to appoint and discharge at will officers, attorneys, agents, and others independent of Civil Service provisions, including general managers, assistant general managers, secretaries, treasurers, bookkeepers, administrative and executive officers, and fix their compensation.

Detailed directions in the fertilizer operations of the corporation are to purchase fertilizer and fertilizer material needed in its fertilizer program; to encourage practical use of fertilizer produced and purchased through cooperation with national, State, district, and county experimental stations and demonstration farms; to manufacture fixed nitrogen and other fertilizer ingredients to the extent deemed wise and profitable; to alter, modify, or improve existing chemical plants; to build new chemical plants; and to sell for profit fertilizer products produced in a manner to insure wide distribution to farmers.

It is made the duty of the corporation to produce nitrogenous plant food in form for direct application to the soil containing not less than 10,000 tons of nitrogen, to be increased in response to market demand to the maximum capacity of the plants, and to continue such production if absorbed by the market. In event the production of nitrogenous plant food proves to be uneconomical, it is made the duty of the corporation to produce phosphoric acid, fertilizer, or fertilizer ingredients in form for application to the soil in quantities equal to the required production of nitrogenous plant food, with no provision to discontinue such production if unprofitable. Lease contracts are authorized under conditions to safeguard the interest of the United States for mass production of fertilizer or fertilizer ingredients and, with the approval of the President, for other manufacturing purposes. It is also the duty of the corporation to alter, modify, or improve the existing chemical plants and to construct new plants for fertilizer production. The sales price shall include cost of production plus 4 percent. Fertilizer shall be sold with preference to farmers and in a manner to insure the widest practical distribution. For purposes of fertilizer production, it is declared that the value of nitrate plant no. 2 shall not exceed \$6,000,000, and that such plant shall be maintained in stand-by condition or the equivalent for production of nitrogen for war purposes until Congress shall otherwise provide.

Furthermore, the corporation is directed to maintain and operate experimental laboratories and plants and to undertake large-scale experiments to enable it to furnish nitrogen fertilizer and other products needed for military and agricultural purposes in the most economical manner and at the highest standard of efficiency; to request the advice and assistance of any officer, agent, or employee of any department of the United States; to manufacture and sell to the Secretary of War or the Secretary of the Navy at cost explosives or the nitrogenous content of explosives; to deliver power without charge for operation of locks, lifts, and other facilities of navigation; to produce, transmit, and sell electric power, but no products shall be sold outside the United States or its territorial possessions except for use by the Army or the Navy or allies of the United States Government in case of war.

Members of the board and its appointees or agents shall be subject to dismissal in event any political test or political qualification shall be permitted or given consideration in the selection of employees or in their promotion.

In order to effectuate the purpose to distribute power equitably within 400 miles from the point where generated, the corporation is directed to sell power not only to States and political subdivisions within that area, but to corporations, partnerships, and individuals. In furtherance of the program to transmit and sell power, it is authorized to build transmission lines to any point at any time using funds provided either by Congress or from power sales or from proceeds of its own bond issues.

Enumerated preferences are given to States, counties, municipalities, and mutual nonprofit organizations of farmers who build their own transmission lines. Contracts for sale to private distributors would be subject to cancellation on 5 years' notice in order to supply States, counties, and municipalities, and subject to cancellation in event the resale price to consumers exceeds a price determined by the Federal Power Commission.

Additional public funds are authorized to be spent for increasing the power capacity at Muscle Shoals and to build

a storage, flood-control, and power dam 300 miles upstream for the alleged purpose of equalizing the 600 miles of river flow as an aid to navigation, the control of flood water, and maximum development of power. The corporation is directed to build a transmission line, in event it is unable to conclude arrangements with private distributors, for transfer of power between its own power plants extending a distance of 300 miles in the Tennessee River Basin and to build other transmission and distribution lines to power markets anywhere within a radius of 400 miles contingent upon failure to contract for transmission, distribution, and delivery of power by persons, firms, or corporations engaged in resale of electricity or for the use or purchase of privately owned lines.

GRANTS OF AUTHORITY AND FUNDS REQUIRED

To the end that the corporation may better operate with the utmost freedom, it would assume exclusive use, possession, and control of the Muscle Shoals nitrate and power plants including all auxiliary property. With approval of the President, it would take over other property, real and personal, belonging to the United States deemed necessary for its purposes.

In order that the corporation may avail itself of patent rights, methods, formulas, and all scientific information obtainable in the Patent Office for production of chemical fertilizer and production of power, it would be permitted to appropriate such patent rights and formulas or other scientific information. Compensation for the taking of such property rights would be determined exclusively by Federal district courts without authority to make compensation by mutual agreement.

In order that the corporation may not be delayed in promptly going forward with its commercial operations, \$10,000,000 is authorized to be appropriated, of which \$4,000,000 shall become immediately available to begin construction of the Cove Creek storage dam and power plant and to begin the production of fertilizer and fertilizer ingredients. Should the \$10,000,000 prove insufficient, additional appropriations are authorized necessary for carrying out the purposes of the act; and if there should be difficulty in securing such appropriations, the corporation may resort to the sale of its own 60-year bonds to the extent of \$50,000,000, for which it may pledge "all net income from property of the United States hereby entrusted or hereafter to be entrusted to the possession and control" of the corporation as well as the credit of the United States. Such bonds would enjoy the special privileges accorded in Panama Canal bonds. Interest would be paid in gold coin, and the bonds would be free of every form of national, State, county, and municipal taxation.

EXPENDITURES AUTHORIZED

Expenditures authorized for launching this wide-spread commercial activity are as follows:

Operating capital (includes \$4,000,000 for Cove Creek)	\$10,000,000
Installation additional generating capacity at Wilson Dam (estimated)	6,000,000
Installation additional generating capacity at Nitrate Plant No. 2 steam plant (estimated)	2,000,000
Transmission line from Muscle Shoals to Cove Creek (estimated)	6,000,000
Construction of Cove Creek Reservoir and power plant (\$34,000,000 less \$4,000,000 included in operating capital)	30,000,000
Total new funds	54,000,000

Indefinite amounts for other developments are authorized.

This would increase the total public investment in physical properties on the Tennessee River to more than \$175,000,000.

PRODUCTION AND SALE OF POWER

While the corporation is directed to sell fertilizer at 4-percent profit, it may sell power, wholesale or retail, to any character of purchaser without regard to cost. Armed with the right of eminent domain, it may build power houses, substations, and transmission lines in competition with private power operators using for the purpose public funds secured from appropriations by Congress, from the sale of power or from the proceeds from the sale of bonds. It may

duplicate power plants and transmission lines where adequate plants, transmission lines, and distribution systems already exist, serving the entire area, and in this manner greatly impair if not destroy millions of dollars of investments in plants, lines, and distribution systems privately owned. Charged with the duty of disposing of large quantities of power, it would be free to engage in cutthroat competition, to invade the market of private companies, and sell power at any price that will command a purchaser.

In disregard of local State authority to regulate the rates of public-utility companies, a private distributor buying power for resale is required to agree that the maximum price to the consumer shall be fixed by the Federal Government—the Federal Power Commission—which would provoke legal conflict with State regulatory agencies. It would be free to engage in discriminatory practices in fields of commercial enterprise where similar conduct by the citizen is prohibited by the antitrust laws, the antimonopoly laws, and by public-utility regulation. In the sale and distribution of power the corporation is not required to observe the first principles of private business, to earn the cost of invested capital, or to pay its own way. The most it is required to do is to pay cost of operation, maintenance, depreciation, amortization, and amounts deemed necessary by the board to withhold as operating capital or to be used for new construction before paying the remainder into the Treasury of the United States.

The extent of such unregulated and unrestricted competition with private industry can better be appreciated when it is remembered that private companies engaged in generation and distribution of electricity in public service are required to secure, first, the consent of the State in which they do business, to submit to public regulation and control, to secure local franchise permits in towns and cities, to conform to rate schedules fixed by public authority, and to consent to the supervision of the amount and character of securities issued. Generating plants and other major facilities or equipment cannot be constructed except upon the certificate of public authority that a public necessity exists and that public service will be promoted. Furthermore, the amount of return permitted to be earned is subject to State determination.

Evidence before the committee discloses that the power market within the States surrounding Muscle Shoals is adequately supplied with extensive interconnected transmission lines and distribution systems extending into practically every town and village and, in a large measure, into the rural sections; that the existing capacity is more than 33 percent in excess of the market demand; and that rates are efficiently supervised and controlled and below the national average, both for domestic and industrial use. It is obvious that any effort to market 1,000,000,000 additional kilowatt-hours of energy from the Muscle Shoals plants at this time would necessarily invade the market of private companies, and that it could not be sold except at substantial reductions in rates with consequent disastrous effect upon the gross and net income of private companies.

PRIVATE INVESTORS AND PRIVATE INVESTMENTS

Evidence before the committee disclosed that within the States of Tennessee, Alabama, Georgia, and Mississippi privately owned power companies have investments in excess of \$600,000,000 in water power and steam plants, distribution systems, and lines interconnected with each other and with the Muscle Shoals plants. Six companies in one interconnected group within the 400-mile radius of the proposed power system proposed to be set up by the act serve 1,678 towns, covering a territory of 196,000 square miles, with 430,000 customers. They have 36,000 miles of transmission and distribution lines, 20,000 miles of which are high-tension lines, and 17,000 are distribution lines.

Residing in the territory of these companies are 37,000 preferred stockholders who own 623,797 shares of preferred stock, in which they have invested more than \$60,000,000. They have outstanding bonds amounting to \$288,000,000, of which about \$75,000,000 are held by some 38 insurance companies. Many of the stocks and bonds are held by universities, savings banks, and individuals. The outstanding pre-

ferred-stock issues are \$110,000,000. Taxes paid in 1932 were \$6,000,000. The entire property, plant, and equipment account of these companies is \$616,000,000. The average number of employees in 1932 was 9,339 and the pay roll was \$13,470,000.

Evidence was submitted that contrary to a gradual increase in the power market in the territory adjacent to Muscle Shoals of about 5 percent annually in former years, there has been considerable decrease since 1930 and that the market value of the securities issued by these companies has decreased several points in the case of the bonds within the last 4 or 5 months and about 50 percent in the case of the preferred stocks. It was stated that the decreased value of these securities is largely attributed to apprehension in the minds of investors concerning the stability and future worth of their investments because of the threat of Government competition. Witnesses for these companies stated that within recent weeks thousands of individuals and corporate investors had inquired of the companies for information concerning the effect of the proposed program of putting the Government into the power business in the territory served by these various companies.

LACK OF EVIDENCE OF ECONOMIC VALUE OF PROPOSED POWER-PLANT INVESTMENTS

It is fair to say that the committee nor the Congress has any definite data or information respecting the economic value of proposed power plants and power-plant operations contemplated by the act. Scant attention has been given to a survey by an engineer officer of the Army in 1931 of the existing power service and power rates in the territory surrounding Muscle Shoals and of an economic study of proposed power and navigation dams such as is contemplated by the legislation. The report submitted to the Chief of Engineers not only discusses the value of the Muscle Shoals power plants in public service and in chemical industry but the economic value of proposed power plants at other points on the Tennessee River, including the Cove Creek project. This report shows that combination of navigation and power dams near the market for power on the Tennessee River is economically justified only between Knoxville and Chattanooga after proper credit is given for necessary investments for navigation and flood control, that these projects would afford greater flood protection at Chattanooga, where flood damage is greatest, than would the proposed Cove Creek project; that construction of the Cove Creek project in advance of construction of sufficient power dams below to justify contribution for increased power production from Cove Creek could not be justified from an economic standpoint, and that the cost of additional installation of generating equipment at Muscle Shoals is unnecessary.

In a separate report of an investigation of a proposed system for transmitting and selling Muscle Shoals power through a publicly owned system to available municipal and industrial markets at 20 percent less than existing rates, the same engineer estimated that within 15 years the project will result in a deficit of \$40,000,000. The conclusions in that respect are summarized as follows:

1. The Government's power plants at Muscle Shoals and the proposed Cove Creek development are not suitably located to serve as the main generating stations of an extensive independent power system.
2. The construction of an independent system would involve large expenditures of public funds.
3. The cost of transmitting power in such a system would be high, and the reliability of service at long distances from the generating center would be poor.
4. The construction of such an independent system would be an economic waste, in that it would duplicate transmission facilities now ample to serve the region.
5. It may be expected that the deficit from the construction and operation of such a system, which will have to be met by the Federal Treasury and by the general taxpayers, will largely exceed any savings from lower rates which may accrue to the limited local public served.

From a purely business standpoint, the United States would save tremendous waste of public funds if the Muscle Shoals power and nitrate plants were sold to private industry on the best terms available. In the absence of such method of disposition, they should be leased on the best

terms obtainable. If, however, it is determined that the United States shall retain ownership of the project and operate the power plants, the power should be offered first for local industrial development in the production of electrochemical and electrometallurgical products for which the facilities and equipment are adaptable.

Industries of this character require large amounts of power and raw products, such as phosphate rock, coke, coal, limestone, silica, and magnesium, all of which are locally available since it was the presence of such raw products that determined the location of the nitrate plants at Muscle Shoals. The development of an industry of this character would stimulate activity in collateral industry, would create pay rolls, and provide employment, and develop business where none exists today. During the period that Muscle Shoals has stood idle another war-built plant, adjacent to the Tennessee Valley near Nashville, has been active in industrial operations in the production of rayon and cellophane. The Old Hickory plant near Nashville, which cost \$90,000,000, was sold for \$3,500,000 about 10 years ago. It has furnished employment to an average of 3,500 persons annually with an average annual pay roll of \$3,250,000 and has paid an average tax bill of \$65,000. Industrial chemical operations at Muscle Shoals sufficient to absorb a substantial amount of the power would be several times that at Old Hickory.

COMPARISON WITH A PROPOSED SIMILAR PROJECT ON THE ST. LAWRENCE RIVER IN NEW YORK

The proposed legislation would exercise authority within the States of Alabama and Tennessee, which the State of New York through the power authority act denies the Federal Government with respect to power to be generated in the St. Lawrence River, a navigable stream in that State. The State of New York through the power authority act asserts inalienable ownership, possession, and control of the State in the bed, waters, power, and power sites within the watershed of the St. Lawrence for the benefit of the people of the State. On October 28, 1931, the New York Power Authority filed a memorandum with the Secretary of State at Washington asserting that the State regarded as definitely settled:

1. The authority of the Federal Government is paramount in all matters having to do with the improvement of commerce and navigation along the St. Lawrence River.
2. The State of New York is the sole and absolute owner of that part of the water flowing in the St. Lawrence River, and to the land comprising its bed and the power and power sites in, upon, or adjacent to it on the American side of the international boundary, and is fully vested with a legal and inalienable title thereto.

The memorandum stated that the principle of ownership has been established by a long line of court decisions and uniformly recognized by the United States Government.

In this connection attention is invited to the following comparison of principal differences between the plan reported by the committee and the recent power authority act of New York, enacted under the leadership of Gov. Franklin D. Roosevelt:

COMMITTEE BILL

The Federal Government is authorized to operate power plants and power lines, transmit and sell power, and fix retail rates in different States.

POWER AUTHORITY ACT OF NEW YORK

The power authority act of New York asserts against the Federal Government's inalienable ownership and exclusive jurisdiction of generation, sale, and distribution of the St. Lawrence River power, including the right to fix rates.

No bonds or other obligations can be issued until firm contracts for the sale of power shall have been made sufficient "to insure payment of all operating and maintenance expenses of the project and interest on and amortization and reserve charges sufficient to retire the bonds of the power authority issued for the project in not more than 50 years from the date of issue thereof."

This was President Roosevelt's view then as compared with this bill now.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Speaker, I feel that anything that may be said on this bill at this time will probably not change a single vote; in fact, it occurs to me that 6 hours of debate is almost unnecessary, because I doubt if there is a Member of this House who does not have his mind fully made up as to how he shall vote on this proposition.

The question of Muscle Shoals legislation has been before this House for many years. I have read most of the debates and the history of this legislation, and you can hardly pick up a copy of the CONGRESSIONAL RECORD, when the bill was under consideration, that one of the men in the forefront of the fight was not the distinguished Member from the Muscle Shoals district, Judge ALMON, of Alabama. The people of the Tennessee Valley will never be able to repay him for his persistent and intelligent efforts in their behalf.

So far as I am personally concerned, I would even go farther than some of the provisions of this bill. I anticipate, however, that the body at the other end of the Capitol, as well as the free conference committee, will make some changes that will, perhaps, liberalize some of its provisions, but I am enthusiastically for this legislation, and to be perfectly frank with you, I cannot see how anybody can oppose this bill. When you realize that during the World War this Government, in order to carry out its adopted program of national defense, invested \$150,000,000 in this property primarily for the purpose of national defense; and, secondarily, for the benefit of the American farmer, and then observe that not one single thing has been done in a big way during all the intervening years to develop the property, it occurs to me as almost criminal. It has been a political football, used by special interests to carry out their own selfish desires and create sectional prejudice.

The United States Government has \$150,000,000 invested here. There is nothing in the world necessary to be done except to have enough money available to start the wheels turning, not only to produce whatever nitrogen or fertilizer may be necessary but, secondarily, to develop the power that is lying there dormant at this time.

Let me say in reply to my friend from Connecticut [Mr. Goss], when he talks about this costing several hundred million dollars, or perhaps a billion dollars in the final analysis, the Government is not out anything in this connection, because the authority is authorized to issue and sell \$50,000,000 in bonds secured by the property, as well as provide for interest, sinking fund, and amortization. No more money can be spent except by coming back to Congress for an appropriation. The President will not ask for more and Congress will not appropriate unless it is justified. It is a self-liquidating project that will pay its own way and make money after it is fully developed.

Why not go on and develop this great property down there? Why let it lie idle when it will provide employment for thousands, develop a great area, benefit the farmer, and furnish cheap electricity for homes and factories?

There are some things, Mr. Speaker, that in their very nature are monopolistic. I am not for putting the Government into every kind of business, but there are some things like water, and in these more modern days there are things like gas, telephones, and electricity that are getting to be of such common, universal, and even necessary use that they must, in their very nature, be more or less monopolistic, whether owned privately or publicly. These necessities ought to be within the reach of every user.

I am not for doing damage to private interests in that country, but a careful analysis of this bill will show that every opportunity on earth that is reasonable, fair, and just is given for the leasing of this property not only for the making of fertilizer but also for the development of additional power facilities and power lines. It is even provided that with building of Cove Creek Dam and Dam No. 3, which all the engineers, I think, have admitted is necessary for the carrying on of the project, nothing more can be

done in the way of building dams or developing power until the market demands will justify it. Surely you can trust your President and this authority, as well as the Congress, to do equity toward all parties at interest.

If you go back to 1912, 20 years ago, there was another great Roosevelt by the name of Theodore, who favored the conservation of the natural resources of this country, and among other things he favored the preservation of the water sites of America for the benefit of all the people, and if you had heard some of the testimony before our Committee on Military Affairs a few days ago, particularly by a distinguished Senator from the State of Washington, about how power sites in the great Northwest had been gobbled up for a song by special interests who turned right around and capitalized on them for millions and sold stocks all over the country that were full of wind and water, I think you would reach the same conclusion that the majority of this committee reached when it said, "Let us develop this and do it ourselves for the benefit of the American people if the power interests will not do it."

Mr. McFARLANE. Will the gentleman yield there?

Mr. THOMASON. I yield.

Mr. McFARLANE. Does not the gentleman know that we have had that same experience in Texas, where the power interests have to a considerable extent gobbled up the power sites on the different rivers of Texas?

Mr. THOMASON of Texas. Oh, that is true of every State in the Union. There is not a State in the Union where power interests or selfish private interests of some sort have not come along and taken charge of the streams that God put in this old world for the benefit of everybody, and after, perhaps, having got them for practically nothing, then turned around and capitalized them, and then I might say they "Insullized" on them and sold stocks comparable to the Insull stocks all over the country. I do not say all of them did this, but I do say that a lot of them did. This bill will put an end to such sharp practice, as well as provide a yardstick by which we shall learn what is a fair and reasonable charge for electric energy.

My friends, since electricity has become as common and necessary as water, gas, and fuel, it ought to be within the reach of every man in America to use it upon terms that he can afford. [Applause.]

I take it that this is just a step in the development of that great area. It is not done for the purpose of confiscating anybody's property. This does not place the Government any more in business than it now is. Under this bill private fertilizer and power interests can lease and operate if they will contract to sell the products to consumers at only a fair and reasonable profit. They have had that opportunity, but showed no disposition to deal fairly with the public.

Now, there is no money involved here except that which will come out of the project itself. Do you propose to allow this property to remain idle for another 15 years? It will afford the greatest possible opportunity for the development of all sections of the United States, and if it is a success it will be followed by the development of the Columbia and the St. Lawrence for the benefit of all the people.

Mr. BRITTEN. Will the gentleman yield?

Mr. THOMASON of Texas. I will yield to the gentleman.

Mr. BRITTEN. The gentleman stated that this is merely a step in the direct development of water power elsewhere in the country. Is he suggesting to the House and the country that the Roosevelt administration is going into the various States for the development of power?

Mr. THOMASON. I do not assume authority to speak for the administration, but I do think it safe to say that this administration is for the preservation and development of the great waterways, power sites, and other natural resources of this country. I am equally sure that this administration is not for the exploitation of public watercourses by special and selfish interests.

Mr. BRITTEN. I appreciate what the gentleman says, but what are you going to do for the private interests you destroy?

Mr. THOMASON. I am going to do nothing against them so long as they do the decent and right thing, but I am not willing to turn the country over to them.

Mr. BRITTEN. That is what is going to happen.

Mr. THOMASON. My home city of El Paso owns its own water plant. Rates are not so low as I should like, but are far cheaper than they were under private ownership. A fair profit has been made, which has many times helped to tide the city over financial difficulties. I do not want cities to take over public utilities if they will take the wind and water out of their stock and exact only a fair and reasonable charge. I do object to the practice indulged in by some utilities of having one set of books for the tax assessors and another for the ratemaking bodies. I want them treated fairly but not to have an advantage.

I voted in the last Congress against placing a consumers' tax on electricity. I also voted a few days ago to right that injustice, and I am glad this body passed it by such a large majority.

You Republicans are an inconsistent lot. When you were in power you spent \$120,000,000 on the Ohio River without any hope of getting a dollar of it back. You spent millions on the Cape Cod Canal without getting a cent in return. Three years ago you yelled your heads off about the great Hoover Dam, which you named for your chieftain. But, now that a great project already in existence is to be improved for the benefit of millions of people, you can express nothing but criticism and condemnation.

No man can visualize the great good that will come from this development. I hope the day of war has passed, but the clouds are hanging low in many parts of the world. This is an ideal location far from the sea coast and well protected for the manufacture of explosives. In the days of peace it will provide cheap fertilizer for millions of American farmers. It will give flood control, navigation, afforestation, and employment in all that vast area. One of the crying needs of the day is the improvement of country and community life. Cheap electricity in every home will make for convenience, happiness, and longer life. With cheap power, factories by the hundred will spring up all over the South and add to wealth and employment.

It is gratifying to know that this bill will pass both Houses by a large majority and will receive the approval of our great President. [Applause.]

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Tennessee [Mr. MITCHELL].

Mr. MITCHELL. Mr. Speaker, this is a great day for the South, a great day for Tennessee, and for the people of my congressional district. I am glad to have a part in the passage of this important bill. It means much to the Nation. It was my pleasure in January of this year to go by airplane with the distinguished Chairman of the Military Affairs Committee and other colleagues to inspect the physical conditions of the Government's investment at Muscle Shoals. President Roosevelt was there with Senators HULL, NORRIS, McKELLAR and a great number of distinguished visitors, all interested in the development of this property.

We are now about to get action. No longer can the power trusts or the fertilizer trusts delay it. It is the express will of the people of America, their mandate at the polls, and with a new President, imbued with the responsibilities of his office and anxious to serve America the pending bill will soon become a law.

The Muscle Shoals question has been a Federal problem since 1824, when President Monroe, through John C. Calhoun, as Secretary of War, recommended a survey of the Tennessee River so as to improve its navigation at that point, in aid of commerce and military operations. From that day to the present this subject has had the attention of the Nation at different times.

In 1916, in the National Defense Act, the President of the United States, Woodrow Wilson, was authorized to investigate the best and cheapest means of producing nitrates and other products for munitions of war and useful in the manu-

facture of fertilizer and other products by water power and was authorized to acquire sites upon river or rivers or upon the public lands as he thought best to carry out the purposes of the act, and was authorized to construct, maintain, and operate at such sites dams, locks, and improvements to navigation, power houses to generate electrical power, and the production of nitrates useful in the manufacture of fertilizer.

The President was given the right to purchase and condemn land for the purpose and money was appropriated and Wilson Dam No. 2 was built and two nitrate plants for the fixation of atmospheric nitrogen for war purposes and for agricultural use in times of peace were completed. The dam is there. Buildings are there. Machines are there. All we now need is action and cooperation.

In 1928 a bill somewhat similar to the present bill was passed by Congress and met a pocket veto by President Coolidge, and in 1930 a second Republican President, Mr. Hoover, vigorously protested the passage of a similar bill and vetoed it.

Henry Ford once made a very serious and determined effort to lease this property.

Many bills have been debated in Congress for years looking to a disposition of the property. All to no avail until the present leadership of President Roosevelt, when on April 10, 1933, he said in a message to Congress:

It is clear that Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. It enters the field of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

We are told there are 11 valuable dam sites between Cove Creek Dam and the Wilson Dam, and the construction of Cove Creek Dam will double the power available at each one of these sites.

All these dams will be built within the next 20 years, and the power generated will be sent in various directions to cities and towns. New cities and towns will spring up in the wake of industry which will settle along this 300-mile section of the Tennessee River from Cove Creek to Wilson Dam. This area will become a great hive of industry.

Millions of busy and industrious people will come to the Tennessee Valley to enjoy this great national resource and benefaction. Many hundreds of millions of dollars will be spent in development in our State.

New plants, new enterprises, and new life in farming and agriculture will follow. Cove Creek Dam, when completed, will flood 52,000 acres of land, making the largest artificial lake in the world. The eyes of the world will be centered on Tennessee, and millions of people will seek this new field of industry and enterprise.

Farming will prosper as never before, producing many different crops and vegetables to feed the millions engaged in construction and in the development of industry, all because of cheap power, cheap fertilizer, and an ideal climate with ideal surroundings in which to live.

Power is required in modern industry; and with all the mineral deposits in our section, with a fertile soil, with the finest of American citizens of the truest and best strain of the Anglo-Saxon blood to draw from, a people who love the ideals of our Republic and the principles of our Constitution, our section presents a promise of prosperity never before equaled.

The farmers for the first time will learn the actual cost of fertilizer, and it will be from 25 percent to 50 percent cheaper than at present. No longer will Chile have a monopoly upon mineral nitrate of soda, as she now has. This trust has taken millions of dollars from the farmers of the United States. This should not longer be permitted. Let the Government help break this trust and set free the farmers of our country. It will be the greatest blessing ever to befall our people and will give them renewed ambition, a new faith, and new hope. Broad power is given in the bill

for the authority, the representatives of the Government, to either operate the present plants or lease them for the production of nitrogen or other fertilizer ingredients for use in agriculture.

ELECTRIC POWER

It is provided that all electric power not used in navigation projects and in the production of fertilizers shall be sold and preference given to States, counties, municipalities, and nonprofit cooperative associations. Three-year contracts for power are permitted to States, counties, and associations building their own transmission lines. This power may be sold by them without discrimination among customers of the same class.

Private power companies engaged in the sale and distribution of electricity for profit must sell to the consumer at a figure found to be just, fair, and reasonable by the Federal Power Commission.

In order to prevent duplication of transmission lines and to prevent waste of invested capital, the board is authorized to negotiate with private power companies having transmission lines needed by the Government to serve the public to buy such lines at fair and reasonable prices. If negotiations fail, the authority may acquire the line by condemnation, when the full and fair value of the property must be paid to the owner.

No new lines need be built except where none now exist. The fear that money would be wasted in duplicating existing transmission lines was encouraged by the power trusts in the mind of the public for a purpose.

No ground of fear need exist. All that is required is for the power interests to cooperate under this bill in serving the public by leasing or selling their lines at a fair valuation, and thus promote the industrial, agricultural, and economic development of the Tennessee Valley, which will result in the improvement of business conditions throughout the Nation and the speedy restoration of prosperity.

COVE CREEK DAM

No one longer disputes that the Government should build Cove Creek Dam. Even the power companies now agree to this. It must be done to develop flood control, navigation, and power in the Tennessee Valley.

UNEMPLOYMENT RELIEF

If we will pass this bill and begin the work of building the dam, cleaning out the basin, relocating the roads and bridges, and constructing the power houses, then an army of unemployed workmen will be needed. No longer will the man without a job be walking the highways in search of work. He can and will get employment and become again self-sustaining. The purchasing power of the people will be restored and normal prosperity once again reign.

The people of my State are ready, anxious, and willing to cooperate with the Government in this great program of development. No one opposes this national project unless it is because of a selfish motive.

BOND ISSUE

There is provided a bond issue, to build Cove Creek Dam No. 3, of \$50,000,000. Already the Government has an investment at Muscle Shoals of \$150,000,000 earning practically nothing. This additional expenditure should make the whole investment profitable to the Government and the people. These bonds are Government obligations, but the interest on them is to be paid from the sale of power.

No money can be appropriated on this work except that authorized by Congress. The initial issue will complete Cove Creek Dam and Dam No. 3 and make the necessary changes in the nitrate plants and install the necessary fertilizer equipment and provide working capital.

DEMOCRATIC PARTY PLATFORM

In 1924 the Democratic Party platform contained this provision:

We hold that the production of cheaper and higher-grade fertilizers is essential to agricultural prosperity. We demand prompt action by Congress for the operation of the Muscle Shoals plants to maximum capacity in the production, distribution, and sale of commercial fertilizers to the farmers of the country, and we oppose

any legislation that limits the production of fertilizers at Muscle Shoals by limiting the amount of power to be used in their manufacture.

In 1932 the Democratic Party platform pledged the present administration to the development of natural resources in the common interest and said:

The conservation, development, and use of the Nation's water power in the public interest.

The removal of Government from all fields of private enterprises except where necessary to develop public works and natural resources in the common interest.

Muscle Shoals, as it now stands, was the product of the World War, when our Nation was drawn into that world catastrophe of sorrow, misery, and death. Out of this came Muscle Shoals to manufacture nitrates for munitions of war. Let it now be dedicated to peace. Let it be used to manufacture for the farmers of the United States cheaper and better fertilizer, and second, let it be used to protect the people against the Power Trusts of America. Let it produce throughout the years the yardstick by which the people of the Nation may know the fair, legitimate, and actual cost of electricity.

These two purposes alone will be of incalculable value to our people for all time.

Let us protect the farmers and home owners in this country, and let the power companies, with their watered stocks and inflated bonds, reap what they have sown. Let us develop Muscle Shoals and Cove Creek Dam, with intervening dams, and thus make cheaper current available to all the people. Let us provide for cheaper fertilizer to be sold the farmer. The fertilizer trusts and power companies have robbed the people of my State and district too long already. Let it be stopped and stopped now.

I should be glad if it were possible to so amend the present bill and have included a provision to pay to the State of Tennessee and to Alabama 5 percent from the gross proceeds of power generated in those States; but I am supporting the bill even though this provision is not included, because I have no opportunity to offer an amendment upon this subject. This would protect the right of my State in the earnings of this property, which I feel would be fair and just. We furnish these natural sites within the confines of my State, and while the property owners are reimbursed for the value of lands taken, yet the State of Tennessee loses tax values to the amount of almost \$1,000,000, based upon a 50 percent assessment. The sovereignty of the State is thus permanently deprived of this asset. The original bills have provided for a 5 percent dividend of the gross earnings to be paid to Tennessee on the dams located within the State. I hope the committee will permit an amendment to this effect on the floor of the House today before the bill is passed.

I hope and believe that this is the beginning of the development of the potential power in Tennessee and that my district will soon have the attention of the National Government in this respect. One fifth of all potential power sites in the Nation are located in Tennessee. The fourth district, which I have the honor to represent, has many possibilities in which I hope to interest Government engineers later. The Caney Fork River, Cumberland River, Stone River, Elk River, Duck River, and other streams which flow through this section present admirable location for the development of power so essential to the progress of the great citizenship in that section of the South.

We have paid tribute to power companies throughout the years. Let us have cheaper current, and thus relieve some of the drudgery on the farms by affording the home owners cheaper light and heat, and the housewives the opportunity of cooking, ironing, laundering, and many other advantages arising out of cheap current. Let power turn the wheels of machinery for the farmers in the use of their cream separators. Let the current be sold to individuals, towns, cities, and communities. The authority provided in this bill to sell power to the people by the Government as a sovereign would not be subject to the rules and regulations of public utilities commissions in the different States. No rates will or can be fixed other than by the Government, and this will

afford a savings to our people of almost one half of the present prices they are forced to pay to power companies, who have sold watered stock and inflated bonds, unfortunately, to the people in my section for the past many years. The Government can build lines without the consent of public utilities commissions in the States.

This means that the Government, or the people, will receive the profits that accrue. It will put thousands of men to work who are now idle. It will protect our people from floods. It will stop us from longer paying tribute to the Fertilizer Trusts of America and foreign countries.

We must perfect this great national resource. We must provide for additional dams, and especially at Whites Creek, in Roane County, where the Chief of Engineers of the Army states that this is one of the most economical and desirable possibilities of developing additional and cheap power of the entire area to be developed.

When the bill is passed providing cheaper fertilizer for the farmer and carrying cheaper power to his home, together with the farm relief bill already passed and now in the Senate, the bill providing for the relief of mortgage debts on farms, and other relief legislation in prospect, then a new day for the farmer shall have dawned.

This legislation is the greatest forward step ever taken in this Nation for the common man—the man who has made America great.

Let the currency be inflated if need be and the circulating medium increased and the excessive cost of government reduced—then the “new deal” will bring agriculture to the front. It is our greatest national resource. Let us continue the fight for the forgotten and neglected men of America, the great common people, the masses of the people.

They are the ones who have developed this country, cleared its fields, opened its mills, mines, and factories, built its cities, its railroads, and paved highways reaching all over the Nation. They fought for and established our independence. By their sacrifice and suffering they have defended our Nation's honor at home and abroad. For 150 years our people have struggled in peace and war to make this Nation what it is today.

Let us render the greatest good to the greatest number. Let us carry on. Let us build for the future and serve not only the present but all coming generations. Let us remember that “he who serves best lives most.”

And in the language of a Tennessean, permit me to conclude with this expressive poem:

An old man going a lone highway,
Came at the evening, cold and gray,
To a chasm vast and deep and wide,
Through which was flowing a sullen tide;
The old man crossed in the twilight dim,
For the sullen stream had no fears for him;
But he turned when safe on the other side
And built a bridge to span the tide.
“Old man”, said a fellow pilgrim near,
“You are wasting strength with building here;
Your journey will end with the ending day,
You never again will pass this way;
Why build this bridge at the eventide?”
The boulder lifted his old gray head—
“Good friend, in the path I have come”, he said,
“There followeth after me today
A youth whose feet must pass this way.
This chasm that has been naught to me,
To that fair-haired youth may a pitfall be;
He, too, must cross in the twilight dim—
Good friend, I am building the bridge for him.”

[Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Speaker, in answer to the gentleman from Illinois [Mr. BRITTEN], who asked a question a moment ago as to what the policy is to be, I wish to state that our President in his great speech in Portland, Oreg., stated definitely that there were four great developments of electric power in this Nation that should be undertaken; namely, Muscle Shoals in the Southeast, Boulder Dam in the Southwest, the Columbia River, the greatest of all, in the Northwest, and the St. Lawrence River in the Northeast. I had the pleasure of introducing him to that audience, and in

that campaign he made a claim that it was the intention that these power developments should be undertaken by the Government so as to use them as “yardsticks”, to use his own words, to fix the price for the sale of electric energy.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. PIERCE. Yes.

Mr. BRITTEN. Does the gentleman really believe that those four projects he has mentioned to the House should be developed when there is now a great surplusage of power owned by private enterprise, the stock in which is held by the people all over the United States? Does the gentleman believe the President will still go ahead and construct those great power sites in those four places, notwithstanding that fact?

Mr. PIERCE. If there is a surplusage of power, it is caused by the tremendous prices asked. The prices asked for electric current are often many times the cost of production. The companies almost universally have developed not their cheapest plants, but the expensive ones. They have built transmission lines and charged into their capitalization many times the actual cost.

Mr. Speaker, all utilities which are essential to life, health, and the growth of our civilization are natural monopolies. Water is essential to life itself. Therefore the business of supplying it is a natural monopoly. Its distribution and supply permit of no competition. Private ownership of a natural monopoly is indefensible. Being indefensible it is intolerable. Being intolerable it must be abolished.

Electricity in its varied uses has become so much a part of our economic life that it is now a natural monopoly. It is just as essential to our daily existence as is the post-office or the water-supply systems. Yet this great natural monopoly is almost entirely under private ownership and control.

Here in our United States nature has provided us with four great natural sites for hydroelectric development. We have the St. Lawrence with Niagara Falls in the Northeast; Muscle Shoals on the Tennessee in the Southeast, the Colorado with the Hoover Dam in the Southwest, while in the Northwest we have the mighty Columbia, the greatest power stream on the continent, second only in size as a river to the Mississippi. The combined potential power of these four streams is sufficient to turn all the wheels of industry, move the traffic of the Nation, and provide modern electrical conveniences to every home in the land. Nature has provided these sources of electrical energy and placed them strategically for man's use. Why should we permit private monopolies to appropriate them and exploit them for private gain?

Recent surveys reveal that the profits of private power companies are out of all proportion to those of other industries and utilities serving the public. The Nation of April 26, 1933, gives the following comparisons of the distribution of gross revenues between labor and the capital invested in four great industries:

	To la- bor	To cap- ital
	Percent	Percent
Steam railroads give.....	75.2	24.8
Telegraph and cable.....	72.1	27.2
Manufacturing (all).....	63.2	36.8
Electric light and power.....	33.9	66.1

Public ownership of this great natural monopoly of water power would at once reduce by one third the costs to the consumer. When by amortization the costs would be paid off within a 40-year period, the rates would be reduced another third. Increased consumption would further reduce rates. Lowered costs would make electricity available to every home in the land—light, heat, refrigeration, and power with modern conveniences everywhere. The development of Muscle Shoals is the beginning of this great program. Its inception grew out of our Nation's war need for nitrates. When this Muscle Shoals site was proposed, Senator George E. Chamberlain, of my own State of Oregon, proposed the Columbia as another site to be considered. President Wilson decided that Muscle Shoals was then more feasible for im-

mediate use, and that site was chosen. The dam was constructed. A nitrate plant was built. The end of the war came. A great plant built at Government expense capable of developing enormous electrical energy lay idle. For nearly 12 years every effort to develop and distribute electricity under Government management has been thwarted by the private power interests. Twice bills for this development passed both House and Senate, only to be vetoed by Presidents Coolidge and Hoover.

During all this time the only beneficiary of this gigantic Federal outlay has been a private power company, which pays the Government one fifth of a cent for electricity which it sells to its consumers for as high as 12 cents. Is it not time to stop such exploitation of a natural resource that belongs to all the people?

It is said with much earnestness that Muscle Shoals should not be made available for the public use because it would ruin the present investors in private electric companies operating in that part of the United States. The electric companies will be able to salvage out of their distribution systems all they are worth. The present generating systems will be run for several years during the time these Government plants are being installed. We should not forget that a part, in many instances a large part, of the capitalization of the private companies is "water." These companies have not always availed themselves of the cheapest development. Expensive development and costly transmission lines afford a large capitalization upon which utility commissions of the various States fix rates high enough for the earning of net dividends on millions of capital that should never be considered as invested capital.

Methods of the electric-power companies have been so ruthless and unfair that the consumers have very little sympathy for these modern buccaneers.

No private investor should be allowed to retard progress nor stay the onward march of civilization simply because he desires to continue to bleed the public for his own selfish enrichment.

The President has promised the Columbia as the next large enterprise of Federal hydroelectric development. Government surveys of that great River have shown that the Umatilla Rapids project can be most economically constructed, that it is practicable and advantageous for immediate development work, that it could be begun at once, because preliminary engineering work has been done, and that a great public employment program could be initiated on the Columbia River this summer. The Government should push the work with all possible speed, so that during the first term of President Roosevelt the four great development plans may be far advanced. Nothing in our President's constructive program can rank in importance with Federal development of hydroelectric projects. Think what this great conception will mean to the people in every section of the United States. The development of the Columbia will follow that of Muscle Shoals. Let us pass this bill. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. Ford].

Mr. FORD. Mr. Speaker, as I look at this Muscle Shoals bill I feel that when it receives the signature of the President of the United States a new charter of economic liberty will have been granted to that great southeastern section which it is going to affect. I speak on this subject with a good deal of authority, because I come from the region that is to be the recipient of the great benefits that will flow from Boulder Dam. We are living today in a machine age, and the most important public utility, the most important social economic factor, in the United States is power. Electric power is the great facility which in the future will turn 95 percent of the wheels of industry, and cheap power is the key to any measure of prosperity that this Nation is going to enjoy in the future. I am very glad indeed to raise my voice and say that in the passage of this bill we shall owe a great measure of gratitude to that noble old Roman in the Senate, GEORGE W. NORRIS, of Nebraska. For 14 years he has fought this battle and fought it nobly, and I hope when this bill is signed that Muscle Shoals will be

named Norris Shoals, because he has earned the right to have it named after him.

This great project has within it four purposes—power, fertilizer, flood control, and erosion or afforestation. Those are the four things that will be the foundation of the future progress of the country. In California the people of the Imperial Valley have for years been under the tremendous menace of the Colorado River. That will be ended when Boulder Dam is finished. You in the South have the same problem of flooded lands, and I am hoping for the day when we will do something like this on the Mississippi River to make that great Southland area safe from flood.

I happen to come from the city of Los Angeles, which owns its own water and power systems. It so happens that when this city took over the private company that was supplying power to the great part of its citizens, the going domestic electric rate was 9 cents per kilowatt-hour. That rate today is 4.8 cents per kilowatt-hour, and, because of this low rate and the corresponding low rates for commercial, industrial, and street lighting, the citizens of Los Angeles have paid over \$57,000,000 less for their power in these four classes than they would have, had the private companies been able, through a monopoly which they held, to continue their high electric rates. In addition thereto, they own a power system worth \$90,000,000, most of which was earned from surplus profits.

It will thus be seen that publicly owned power has proved an effective yardstick by which to measure electric rates. It is because of this knowledge of the effect of publicly owned power on privately owned power rates that I am so whole-heartedly in favor of this Muscle Shoals project. It is readily seen that with power rates sufficiently low, the great Tennessee Basin may confidently anticipate an era of development that will quickly absorb any surplus power that may now exist, not because it is not needed, but because the rates charged by the power monopoly are so high that the people cannot afford to use the power.

While I am fully conscious of the tremendous advantage that will accrue to the Tennessee Basin through low power rates, I am also convinced that because of low-priced, high-grade fertilizer the development that must follow this project will be further enhanced. Then, too, a flood-control system that will protect the rich bottom lands from yearly inundations will remove the dread and uncertainty that hang over the menaced areas like the sword of Damocles and thus give further impetus to their rapid settlement and cultivation.

I am in full accord with the President's program on this measure. I am also in accord with his idea that this is just a first step in a program of national planning which will have the dual purpose of coordinated development and the saving to the people of what is left of their most priceless natural heritage—water transportation and water power.

This project, with all its rich promise, and the Boulder Dam project that is now happily under way, are the first 2 of 4 great projects which the President promised to foster when, speaking as a candidate in the Northwest, he mentioned Muscle Shoals, the St. Lawrence project, the great Columbia River undertaking, and the Boulder Dam. It was his bold stand on this great question that cemented the liberal element of the country into a solid block of support for his candidacy. Now, less than 2 months after his election, he courageously advocates as a President what he promised as a candidate.

I note, not with much surprise, that the opponents of this bill are chiefly concerned with the prospective losses to be sustained by the stock and bond holders of the private power companies whose interests are to be affected. I doubt that any private company whose plants are capitalized fairly will be hurt in the least. But those whose securities are composed chiefly of wind and water will, I am sure, get a jolt. It is not at all singular that these opponents never have for one moment given thought to the people of the Tennessee Basin's problem of laboring under the burden of

high power rates. Had these private companies been disposed to be satisfied with reasonable rates, they could have done twice the business they now do and they would not have a surplus kilowatt-hour of power unsold. But that is not their stripe. They are of the "all the traffic will bear" school. They never have learned and they probably never will learn that "live and let live" is a much safer business policy than the one of overweening greed which they have heretofore practiced.

I trust that every man and woman in this House who is in sympathy with the idea of making the "new deal" mean a "square deal" will vote for this measure and grant to the good people of the Tennessee Basin a new charter of economic liberty that will enable them to go forward to that high destiny to which their important situation in the national economy entitles them.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I have been reflecting somewhat upon what has transpired in this Chamber in the last month. I have seen the valiant efforts of the minority party in seeking to torpedo some of the legislation that has come here for deliberation, and as a member of the minority party speaking on this bill I presume I ought to preface my remarks with the same statement that was made by the Christian martyrs when they were gathered in the Roman arena. It will be recalled that they looked up and said something to this effect, "We who are about to die, salute you." So we minority Members will salute you of the majority as we are about to die upon the roll call that will be held upon this bill.

I am not going to change any votes on this bill by what I may have to say today. In fact, any Member of the minority who essays to speak on an administration bill must feel a great deal like the fellow who was in jail and who, as he saw a buddy going along, called and said, "Hey, partner, what time is it?" He said, "What do you care; you are not going anywhere."

So we of the minority know that we are not going anywhere particularly on this bill, but there is something I should like to bring to the attention of the House, particularly to the proponents of this bill. I am open to conviction, and I am ready to vote for this bill, if an affirmative case is conclusively set forth; but I do not believe you have definitely established the need for this kind of legislation.

I live in Illinois. I do not know whether my constituency is going to get any particular benefit from this bill. However I remembered a statement that was made by a distinguished Democrat in this body, who served here for years, Mr. Chisp, of Georgia, when he gave to the country the statement that "he serves his district best when he serves his Nation best." I am, therefore, willing to serve my district by serving the country, if I am convinced that this is good for the country. We might supplement that, I suppose, by a statement that Lincoln made whenever he scrutinized any proposal:

Every proposal contains good and evil, and the only proper rule in embracing any kind of measure is whether it contains more good for more people than it does of evil.

I therefore look at this bill in that broad light.

There has been a great deal of general talk here. This bill has been referred to as "a charter of economic liberty" and "as the great consummation of a dream after a hundred years of effort"; but I cite you that nothing definite or conclusive has been offered to show that there is any particular need at this time, and it is not emergency legislation. When I think of all the general statements that have been made by the proponents of this bill, it recalls the story of the country boy who went to call on his lady friend one night in a horse and buggy, and upon reaching the house he went in and sat down on one end of the horse-hair sofa and she sat over at the other end. They sat there in silence for perhaps an hour, and finally he turned to her in mental desperation and said, "Mary, how is your ma?"

Not that I give a dern, but just to make talk." It seems to me a lot of talk has been made on this bill, as a matter of fact, but it has not been conclusively set forth that there is any need for this legislation.

Not so long ago in this body we passed a farm bill to relieve agriculture. Why? Because prices were so low. Oats were quoted at 8 cents a bushel; cotton, 5 cents a pound; corn, 26 cents a bushel; wheat at 30 cents a bushel. Why are prices low? Because there is no demand. The market seemed to be glutted. So what did we do in this body? We passed a relief bill that is hooked up with a processing tax. For what purpose? For the purpose of decreasing production in agriculture. Now here we cite the need for fertilizer to increase production, and there does not seem to be any genuine consistency between the two. I have not heard anybody in this Chamber say that this bill is necessary from the standpoint of navigation. I have not heard anybody establish a case that there is a dearth of power in the Tennessee Valley at the present time. If you justify it on the ground that this is a securities-policing measure, that you are going to police the companies that have issued watered securities and try to squeeze out the water, it is a damnably expensive way of administering police regulations upon the security companies of this country. I will not vote to spend \$50,000,000 or \$10,000,000 or any amount of the people's money when that function is properly exercised by the Federal Trade Commission.

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. DIRKSEN] has expired.

Mr. JAMES. I yield to the gentleman 2 additional minutes, Mr. Speaker.

Mr. DIRKSEN. I say to the proponents of this bill that my mind is open to conviction. I am ready to vote for this bill when it is conclusively shown that we need this measure from the standpoint of fertilizer, power, navigation, and all of the other things that have been cited as a reason for the bill.

Mr. PIERCE. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. PIERCE. The gentleman comes from Illinois?

Mr. DIRKSEN. Yes.

Mr. PIERCE. That is the home of the Insulls. If there is any other answer on earth than that, I should like to know what more answer is necessary than that the gentleman's own fellow citizens defrauded this country of millions of dollars. The necessity for this bill lies in the excessive charges of electric-power companies for light and power and energy which they are developing.

Mr. DIRKSEN. I may say to the gentleman that that sounds to me like a confession that the existing governmental bodies cannot regulate the price of securities or scrutinize securities and see that they are sound.

Mr. PIERCE. How much have they been regulated in the last 12 years?

Mr. DIRKSEN. Is it not a confession, then, that this Government is not equal to the job of regulation and that Uncle Sam is helpless? And now you come here and ask for another 50 million—for what? Merely to establish another governmental body, and you confess in the same breath the Government's helplessness.

Mr. PIERCE. The proper way to regulate is by the development of this power by the Government.

Mr. DIRKSEN. The development of power in that particular locality of the Nation, or of fertilizer, for that matter, can be of no general good, as I see it. Not one single advocate of the bill has established the need for the measure, and I gladly await the presentation of some affirmative evidence to show that the Muscle Shoals project is needed. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Illinois has again expired.

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from New Hampshire [Mr. ROGERS].

Mr. ROGERS of New Hampshire. Mr. Speaker, 9 years ago last month, as a Member of the Sixty-eighth Congress, I had the opportunity to speak for and to hear arguments

for and against a bill entitled "A bill to authorize and direct the Secretary of War to sell to Henry Ford Nitrate Plant No. 1, at Sheffield, Ala.; nitrate plant no. 2, at Muscle Shoals, Ala.; Waco Quarry, near Russellville, Ala.; and to lease to the corporation to be incorporated by him Dam No. 2 and Dam No. 3, including power stations when constructed as provided herein, and for other purposes."

At that time, although this House was composed of a strong Republican majority, the need for some action to be taken on behalf of the public in connection with Muscle Shoals was recognized by a substantial majority in the House, and we heard on one side of the House the remark that "Muscle Shoals in Alabam' without Henry Ford is not worth a damn", and we heard on the other side emphasized again and again "Muscle Shoals in Alabam' with Henry Ford ain't worth a damn."

The result as to that bill was that after full debate and a full understanding of its provisions, the House passed it by a vote of 227 to 143. Later on, before becoming law, owing to the opposition of united fertilizer companies and for other obvious reasons, it failed to pass the Senate. Since the defeat of the Ford bill in 1924, two bills in many ways similar to the legislation which is proposed here today have been passed by both the House and the Senate and have gone to the White House. One of them was given a pocket veto by Calvin Coolidge and the other a direct veto by Herbert Hoover, one in 1928 and the other in 1930. Today, acting as representatives of the people of this country, we have a solemn obligation to vote for this legislation, knowing as we do that when it passes the Senate and goes to the White House it will receive, not a pocket veto, not a direct veto, but the approval of the great leader of the American Republic, Franklin D. Roosevelt. [Applause.]

In this connection let me call your attention to his language in connection with the necessity for this legislation. In his message to Congress on April 10 the President said:

The continued idleness of a great national investment in the Tennessee Valley leads me to ask the Congress for legislation necessary to enlist this project in the service of the people. It is clear that the Muscle Shoals development is but a small part of the potential public usefulness of the entire Tennessee River. Such use, if envisioned in its entirety, transcends mere power development; it enters the wide fields of flood control, soil erosion, afforestation, elimination from agricultural use of marginal lands, and distribution and diversification of industry. In short, this power development of war days leads logically to national planning for a complete river watershed involving many States and the future lives and welfare of millions. It touches and gives life to all forms of human concerns.

In considering the continued necessity of this legislation I look back to the remarks I made in this House 9 years ago and repeat in substance what I then said:

For more than a generation we have seen a steady decline in American agriculture, rapid deterioration of the fertility of the soil, gradual decline in agricultural communities, a drift of the rural population to the cities, lured by higher wages, greater opportunities, and better living conditions. In order to attempt to thwart that movement we developed the cry "Back to the farm." We can shout "Back to the farm" from the mountain tops to the valleys below but we cannot get men who come off the farm to go back to the farm, or, better still, not to leave the farm, until we give the farmer a decent, fair, and reasonable opportunity to make a living for himself and his family.

I had the honor of being born and brought up on a farm and I realize something of the obligations, the trials, and tribulations which beset not only the farmer in New Hampshire and New England, but the farmers throughout the length and breadth of this Nation. We do not have the weapons with which to fight, to maintain the standards of quality which both labor and capital have today throughout the Nation. Capital and labor are today both highly organized. Labor may secure its demands by strikes and boycotts. Capital may fight its battles by lockouts and combinations. The American farmer cannot avail himself of either of these remedies, for if the farmer should strike the Nation itself would perish. In other words, the farmer does

not have the opportunity for strikes and lockouts that labor and capital have, because the very existence of the American people depends upon the welfare of the agriculture of this Nation.

What is the remedy? The American Nation cannot exist without agricultural prosperity. It is necessary to the return of our great industrial and commercial activities, and it is necessary to the continued health, happiness, and prosperity of all our people. As for the remedy, let me call your attention to the testimony delivered before the Committee on Military Affairs by Edward O'Neal, president of the American Farm Bureau Federation. He said this:

The farmers are using in an increasing percentage, year after year, more of the highly concentrated fertilizers, such as can be best made at Muscle Shoals. Freight by water from Muscle Shoals on fertilizers of high concentration will be much less a factor in the total cost to the farmers than is now possible under the present system of manufacturing low-content fertilizers with shipment by rail. The costs of Muscle Shoals fertilizers will be materially lower than are now paid by farmers, first, because of the low price of the power; second, because of water transportation; third, because of high-concentrate material; and, fourth, because of distribution largely through farmers' cooperative purchasing organizations; also, because of low-cost raw materials in the valley.

I might say on one of those points here that I have a list which I should like to show you gentlemen to what extent cooperative farmer service organizations are operating in this country. The first one listed is the Aroostook Federation of Farmers, who purchased in 1932 a million dollars' worth of fertilizer. Right next to that, in New England, is the Eastern States Farmers' Exchange. They handle feed, fertilizer, and seed to the extent of \$10,000,000 worth. The largest in the United States is the Cooperative Grange League Federation Exchange, Inc., in New England, which handled \$24,000,000 worth. There are a number of groups of those cooperative service organizations scattered throughout the country, and their total business in 1932 was \$94,000,000.

So this is what we will do for the interest of the American people through providing cheap fertilizer. Although agriculture may be down in the depths today, I have the confidence to believe it is going to come back and that the country is coming back. In order to secure a return to prosperity, let us give the farmers of this country reasonable logical benefits of this bill so they may enjoy the prosperity to which they are entitled.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield 5 additional minutes to the gentleman from New Hampshire.

Mr. ROGERS of New Hampshire. May I speak for a moment, Mr. Speaker, on the power development involved in this bill? I shall now refer to the committee report. It appears in the report of the majority of the committee, after full hearings—

That all electric power not used in navigation projects, in the production of fertilizers, and in the conducting of fertilizer experiments shall be sold, and in such sale preference shall be given to States, counties, municipalities, and nonprofit cooperative associations.

In connection with this feature of the bill there appeared before our committee the Honorable HOMER T. BONE, United States Senator from the State of Washington, and as to what benefit this will give the American public I want to call your attention for just a moment to his testimony that in the municipally owned power system the city of Tacoma, in the State of Washington, where he resides, charged him \$16.55 for what the Insull-controlled plant, the Commonwealth Edison of Chicago, charges today the sum of \$98. Here is his own testimony before our committee:

In my home in 1 month I used, for all purposes, 2,249 kilowatt-hours of current. For that amount I paid my city \$16.55. I went to the city of Chicago in 1931 to speak before a public body there on the power question, and I checked that charge with the Commonwealth Edison of Chicago to see what their charge would be for the same service. I not only checked it with them but I checked it up and compared it with the records of the department of that State which regulates the service charges of that utility, and also with the records available to me in my own office. For the service which my city charged me \$16.55 Sam Insull's company would have charged me \$98 in Chicago. The difference between \$16.55 and \$98 represents the reason the Insull Co. went on the rocks. It represents flagrant racketeering in the power business. It makes it easily understood why Insull could give \$20,000,000 to

build a fine opera house in Chicago. The people there thought the charges were perfectly proper, because some department of the State had said that that was a perfectly proper charge.

Why, Mr. Speaker, if we pass this bill, as stated by the majority leader on the floor of this House last Saturday, it will provide what the United States needs, which is a yardstick by which the public-utility commissions of this Nation may know by true and accurate figures the real cost of the production and distribution of power, and thus be able to fix reasonable and fair rates all over this Nation for the protection of the common people.

As a continuation of the administration's policy of giving the American people a new deal and a square deal, I do not hesitate to ask each and every one of you to support and vote for this bill, because it gives us assurance in this country of continuing to live under a government of the people, for the people, and by the people. [Applause.]

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, I was very much interested in the statements just made in reference to the fact that all men in this Chamber have made up their minds on how they expect to vote on this bill. I feel that anyone who comes here to serve his country best should give consideration at any and all times to what is the best thing for the greatest number of the American people. I do not believe that any man who comes here with the idea that somebody else is his boss and expects to tell him how he is to vote on particular subjects that come up here is a fit subject to be in the House of Representatives. I think it is time we have men who are able and willing to think for themselves in order that they may be able to do what is best for their country.

So far as I am concerned, I am a Republican, and I want to stand by the Republican principles, but when the Republican principles are detrimental to the best interests of our country, I am opposed to the Republican principles, but will stand by and with the party to show them they are wrong and help make the Republican Party better, if that is possible. I think this is a principle that should be inherent in all of us so far as our legislative duties are concerned.

We speak today of Muscle Shoals as being the Norris bill, and it was suggested here that it ought to be designated as the "Norris bill." If I were to designate the bill, I would call it the "Norris folly", and I think probably this would be the best interpretation we could give to it, because if we are going to start out today on this gigantic plan of putting the Government in business, I believe it is the opening wedge for the greatest piece of socialistic legislation that has come up before the House of Representatives in the past 2 years that I have been here. It is socialism and Russianism on a gigantic scale.

I am opposed to the Government being in business. I think it is absolutely wrong for the Government to go into any kind of business except that which the Constitution provides for. I think we should have Government supervision and Government regulation but not Government operation. When we have Government supervision and Government regulation we can put the screws on men who are dishonest and are doing things that are detrimental to the welfare of this country a whole lot better than we can if we have the Government in business, putting it in the hands of politicians, because I am telling you that too many men are here for their own selfish interests. Business and politics do not mix well. I have seen this, and I know this is the case. If you want efficient business, it must not be controlled by politicians.

We stand up before the House here and say that we are for the best interests of the country, when I question very much if some Members of Congress have not had orders from somebody else as to how he will have to vote.

Mr. PIERCE. Will the gentleman yield?

Mr. RICH. I do not care to yield at the present time. I am not a politician or a speechmaker, and I have to keep all the wits I have together if I am going to try to get across anything I want to say.

We talk of the Insulls in the power business and we talk of the Mitchells in the banking business. If what the papers say is true, they should all go behind the bars. We do not want any operation of that kind, whether it is in the power business, the banking business, or any other kind of business; but we stand here before the House of Representatives and we talk about the banker and the business men, and one would naturally think from the talk in this Hall that they are all crooked. I want to tell you that the business men of this country and the bankers of this country are just as honest as any man who sits here in the House of Representatives—95 percent of them—yet we stand up here and damn the business interests of this country. I am a business man and I am proud of it, and I do not want to sit back and take any insult from any Member of Congress that I am crooked.

I tell you we are doing the wrong thing here in Washington if we want to put men back at work, and this is our greatest object, and it ought to be the ambition and the desire of every Member of Congress; yet when you talk about business interests and interests of all kinds as being crooked you destroy the thought and the idea of the average man or woman who is not able to think for himself to any great degree. You destroy their confidence, and then you destroy and disobey the greatest of all laws—the golden rule—and when you do that then you destroy all the laws of our country. To put men back to work you must encourage business, not kill it; business and labor are inseparable and must work hand in hand. You cannot have one without the other.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. RICH. We have an investment of \$150,000,000 in Muscle Shoals. Any man in business today, if he has a poor investment and finds that the original investment is going to go, he will not put good money after bad money; he will stop right away and consider the first loss the best loss.

We have an investment of \$150,000,000 there as a war measure. The war was over 13 years ago, and we should have never gotten into the war or Muscle Shoals. But because we have that investment down there at Muscle Shoals is no reason why we should say we are going to spend millions of dollars more on that project and then lose it also; that is mighty poor business and poor reasoning, yet we have some that reason that way.

You come back and say that the bill does not provide for additional funds from the Treasury. The system of bookkeeping that we have under Federal control is such that we do not know what things do cost here in the House of Representatives.

There is not 1 Member out of 25, as a rule, when they make statements in reference to the cost, who knows actually what they do mean. We have a system in the House of Representatives and our Government that camouflages the American people; we have a system dealing with appropriations, but you do not know what the actual cost is.

I do hope that we are going to have sometime a system of bookkeeping under every branch of the Government where it will readily appear what the expenditures are, where the money comes from, and where it is going to, showing the assets and liabilities and making proper charges for depreciation, interest on money invested, and all expenses that any legitimate business enterprise would adopt.

If you want to, turn back and look at the barge lines or Inland Waterways Corporation, which, Major Ashburn says, are making money for the Government. This is Government operation.

That is a deviation from the truth or misstatement of good business principles. If you invest capital in the operation of a project today any sane, sensible man knows that capital costs money. If we invest some money in a Federal operation we are going to add to the national debt. Do you think if we are adding to the national debt it does not cost money? Do our Government bonds bear interest? It is absurd to

state otherwise. Therefore all business, whether operated by Government or private individuals, must count their costs and count it accurately.

Now, if we would add in the operation of the barge line the cost of operation, the depreciation and the interest on the money invested, you would see that the statement of Major Ashburn that it operates at a profit is untrue if we add all expenses to operation.

Under the terms of this bill we are going into the development of Muscle Shoals. We are going to develop it on \$150,000,000 of money already spent, and I will bet any man within reason that we will spend millions and millions of dollars of the taxpayers' money within the next 10 years developing that proposition.

You must count the money invested, the interest on the investment, and you will find it will cost the taxpayers of the country, especially my State—and I do not believe in being selfish—but if the people want to develop it, it belongs to Alabama and Tennessee; let us give it to them. I will vote this minute to turn it over to those States if they want it and save the taxpayers of my State who are already overburdened with a great amount of taxes from still further taxation. I say again our first loss is the best loss. Let the Government get rid of it now.

These men who want it want to build up that territory at the expense of the Nation. I think I am safe in saying that we will try to build up industry down there, and when you build that up in that vicinity you are going to take it from other sections of the country at the expense of all taxpayers. Who will you rob? People in that vicinity have invested \$450,000,000 in capital in power plants and fertilizer plants. They have sold bonds and they have paid out millions of dollars of interest, and now it is proposed to set up this Government project and kill them. You are proposing to set up this socialistic, Russianized project on the Nation's money. I am against the proposition, because it is not right, it is not justifiable, it is not honest, and no business in the country would project it at this time.

Not one of you Congressmen would invest \$100 in any proposition if you thought you would lose it. Do you know of any person who would? I say, No, no; a thousand times no! Yet you are going to invest the money of the American taxpayers in such a project as you would not foster yourself. This I call politics and not business.

Mr. PIERCE. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. PIERCE. Does the gentleman not recognize that there are certain lines of business that are pure monopolies, which should be handled by the people, like water, gas, electricity? There is no such thing as competition and there is no regulation of the private corporation.

Mr. RICH. If the States of Alabama and Tennessee have this natural resource, let them develop it. Let us give it to them. Why should we in Pennsylvania take it away from them, and why should the people in Pennsylvania be taxed to develop it? If you gentlemen in Oregon want to develop the Columbia River, develop it, and God be with you. We wish you all success in it, but I do not want the Pennsylvania taxpayers to be called upon to give you something out in Oregon that you ought to have yourself, and that ought to be yours and be developed by the people of Oregon. [Applause.]

Mr. PIERCE. Does the gentleman not realize that this will require millions and millions of dollars and that no State or community can undertake it by itself?

Mr. RICH. Very well, but do not come to our State and tax our people for it. We cannot stand it; that is one reason why I object to it. They do not need the additional power down there at Muscle Shoals. They do not need it in Tennessee or Alabama, or in any of those places. They have their own companies down there and they have their own power plants that can develop 30 percent more than they can now use. Why project more at this time? Why do you want to kill them? Give them an opportunity. If they are charging too much for power, have your States regulate them or the public service commission.

Mr. McSWAIN. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes; I yield to the gentleman.

Mr. McSWAIN. The gentleman remembers that on December 14, 1931, he himself introduced into this House the bill, H.R. 5622, to regulate the Muscle Shoals proposition?

Mr. RICH. I do, and I wanted to put it in such position as it ought to be in at that time. I made the statement before the gentleman's committee that we would give it to you gentlemen down there in Tennessee and Alabama if you would only take it from the Government. I think this is the best bill so far proposed, but this bill is far from being a perfect one. My first bill proposed to give it to Alabama and Tennessee; this the gentleman knows.

Mr. FOCHT. Mr. Speaker, will the gentleman yield?

Mr. RICH. Yes.

Mr. FOCHT. Is not the position which the gentleman assumes in direct violation or contradiction of the position assumed in this Capitol by Daniel Webster in his immortal reply to Haine with regard to Federal control of the interior industries of the land?

Mr. RICH. I take it—

Mr. FOCHT. Is it or is it not?

Mr. RICH. Yes and no. I am not as well versed as my colleague on history and I would have to refresh my memory to give a definite reply.

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FADDIS].

Mr. FADDIS. Mr. Speaker, coming as I do from one of the greatest industrial sections of the world, namely, the Monongahela Valley in Pennsylvania, and realizing that that section of the country owes in its industrial development a great debt to that which our friends of the opposition are pleased to call Government subsidies, I call the attention of the House to the fact that most of the development of this character throughout the United States has been more or less in the nature of Government subsidies. In the section from which I come this subsidy is to such an extent that it amounts, in fact, to a gift, a gift of free navigation to a few large steel companies. I wish to say one of the greatest streams that has ever flowed from the great Republican pork barrel of the United States is the Monongahela River. During the last 12 years Andrew Mellon has pleased to move locks and dams up or down that river a thousand yards or so to give employment to that Dravo Construction Co., and has any voice ever been raised in this House in protest against that? There have been no protests, at least not sufficient to stop that kind of manipulation, because it has been to the financial interests of those in this country who are in the front ranks of big business. Now that we have proposed a measure intended to promote the interests of the little man, loud is the protest from the high priests of special interests for a special few.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. FADDIS. I have not the time to yield. My time is short. A great deal of opposition has been raised to this measure because it has been stated that we are overdeveloped in the United States. Are we in this country today of so little faith that we must look backward for our industrial inspiration? If so, then beyond a doubt we are lost. This Nation owes its industrial development to the fact that we have always looked forward and not backward. The wants of the American people are as great or even greater today than they were 5 or 10 years ago. The most important factor which has influenced the evolution of the human race is the fact that it is one of the determinations of mankind that his posterity shall enjoy more comforts, advantages, and pleasures than he himself enjoyed. Are we, the descendants of those pioneers who in such a short space of time carved a Nation out of the wilderness, to throw up our hands in abject surrender and say, "The sun of opportunity has set; therefore let us rest." A nation which does not look forward must go backward.

All we need to start industry moving in this country is to allow the people to be able to buy what they desire. That is the solution to our industrial stagnation. If the people of the United States have the means to buy they will buy.

and if they can buy, our industries will start up, and we will have employment and its inevitable prosperity and happiness. Here is one measure designed to further this industrial program by which we are trying to provide employment for the people of the United States. Here is a measure which takes into consideration the largest class of people in this Nation—the ultimate consumers.

Coming from the section I do, I would not consider myself a good American citizen if I could stand on the floor of this House and oppose this measure simply because it is liable to benefit a certain section. It is true that it will benefit this one section more directly than any other. However, it will benefit the whole country indirectly, because of this fact: As one gentleman of the opposition stated a few minutes ago, a measure must be viewed from the viewpoint of the Nation as a whole. Let us therefore lay aside our sectional viewpoint and consider the Nation. It is a well-known fact of economics that money spent in one part of the country eventually gets around and helps all of the country.

In the Monongahela Valley the Government maintains a free river for the transportation of a very few big steel companies, and each bank of the river is paralleled by railroads. Because of the fact that the traffic of the steel and coal companies passes through those locks without even the cost of a postage stamp, the Government has been compelled to furnish the money to pay the interest on the bonds of these practically bankrupt railroads. Is not that Government competition with industry, I would ask you, and who is paying the bill?

During the past few years there has developed in this country a gigantic industry—that of furnishing electric refrigeration. So far it has been limited mainly to refrigeration concerning foodstuffs. I can see in the near future that industry reaching out and engaging in refrigeration to cool the habitations of the citizens of the Nation. Where in our national boundaries is there more demand for electricity for this purpose than in the section of country where this project is proposed?

Mr. RICH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. RICH. When we have hearings before a committee and cannot get time as we desire, and we have debate on the floor and cannot get the time we want to discuss these questions of national importance, what kind of legislation should we call that?

The SPEAKER pro tempore (Mr. GREEN). Under the rules of the House the gentleman in charge of the bill, chairman of the Committee on Military Affairs, controls the time.

Mr. McSWAIN. Mr. Speaker, I yield ½ minute to the gentleman from Illinois [Mr. GILLESPIE].

Mr. GILLESPIE. Mr. Speaker, I ask unanimous consent to incorporate in the RECORD a short article by Dr. Beard in Harpers Magazine, 1931, which illustrates and catalogs briefly all of the different enterprises in which the Government is engaged.

Mr. GOSS. Reserving the right to object, how long is the article?

Mr. GILLESPIE. It would occupy about two pages, I believe, of the CONGRESSIONAL RECORD, or perhaps two and a half pages.

Mr. GOSS. Cannot the gentleman reduce that?

Mr. GILLESPIE. Yes. I can cut out the first two pages of it and that will shorten the article.

Mr. GOSS. If it will make a short article, I will not object.

Mr. BRITTEN. Reserving the right to object, how many pages of the volume which the gentleman now has does he intend to insert in the RECORD under leave to print?

Mr. GILLESPIE. It is about 4 or 5 of these pages. It would make about 2 pages of the CONGRESSIONAL RECORD.

Mr. BRITTEN. What is the volume which the gentleman has in his hand?

Mr. GILLESPIE. It is Harpers Magazine, which I got from the Library.

Mr. BRITTEN. Mr. Speaker, I object to that being inserted in the RECORD.

Mr. JAMES. Mr. Speaker, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Speaker, this bill providing for the development of the Tennessee River does violence to fundamental principles of government, practices inequality among the people, violates horse-sense business, and places upon the American people an intolerable financial and tax burden.

In the first instance I say it does violence to government. I point to section 2. Here is created a board which is to be responsible for the expending of tens of millions of dollars, and will be spending hundreds of millions of dollars before we are through with it. By the terms of the bill this board of three men is to be appointed, each for a term of 9 years. Once this thing is in operation it means that no President of the United States, during one term, will have an opportunity to appoint more than one member of this board. The creation of this board, to have charge of the expenditure of this vast sum of money and given terms of 9 years, has but one obvious purpose, and that is to build up something which is above and beyond the control of the President of the United States, whoever he may be, and the Congress of the United States. [Applause.] It flies in the teeth of the fundamental principles of democracy and of the Constitution of our country.

In this bill again you Democrats are destroying the civil-service provisions of our law. I have no desire to be partisan. I wish only success for the administration of Franklin D. Roosevelt. Failure means more than personal failure to him. It may mean failure to the country; but certainly, my Democratic friends, you owe more to your country than to bring in bills such as this and make patronage measures out of them. [Applause.] Down to the stenographers who work for this institution the civil service is not applicable. Then, to add insult to injury and to practice deception, you place section 7 in this bill, in which you make the hypocritical statement that no appointment shall be subject to political qualification.

Mr. McFARLANE. Will the gentleman yield?

Mr. McGUGIN. No. I cannot yield until I have finished.

Now, what does that statement mean? Here is a board supposedly nonpartisan, two of one political party. Your President will naturally appoint two Democratic members, and I take no exception to that. You Democratic Congressmen and Senators, of course, can go down to this board, controlled by Democrats, and obtain appointments for stenographers, and what not, which should be under the Civil Service. You will say that your recommendations are on the basis of efficiency, and that will be sufficient to meet the qualifications of section 7. It is wrong to destroy the civil-service provisions in this bill; and last week, even in a relief measure, where the welfare of the hungry and the poorly clad and the unsheltered was involved, you made patronage of it by driving the Civil Service from its operation. It is wrong, and I appeal to you not to become drunk with your power of three-fourths majority and destroy the Civil Service.

Now, I want to get down to this bill. Section 6 pertains to fertilizer. I said a moment ago that this bill perpetrated inequalities among the people of this country. Assuming that this board operating this governmental adventure is going to manufacture fertilizer cheap, you know and I know that transportation will make it impossible to deliver that fertilizer to the great body of farmers of this country. It will take care of a few farmers within three or four hundred miles of Muscle Shoals; yet every farmer in the United States will be taxed to pay his proportionate share of the investment made in this institution. That is inequality.

Again we have as a part of the relief program farm legislation. Just two weeks ago we enacted legislation giving the cotton producers of this country a free gamble on the cotton market at the expense of the Government, and with the pledge that the cotton producer need only reduce his acreage. Yet now, at Government expense, it is attempted to produce fertilizer more cheaply, which, in the nature of things, can only be delivered to the cotton section; and cotton, of all crops, is the one outstanding crop of which we produce a surplus in this Nation. Still, at Government

expense, we justify going into this wild experiment on the theory of producing fertilizer more cheaply.

Subsection (b), section 10, provides that during each fiscal year the General Accounting Office of the Government of the United States shall make a careful accounting and audit of the receipts and expenditures of this project. The same section provides that there is to be a complete duplication of this work by outside accountants and auditors. This provision is that the President shall employ a firm of certified public accountants to likewise make an annual audit. During this session of Congress we have given the President power and authority to consolidate duplicating bureaus and departments, yet, before the President has time to perform this task, we are here passing this act which makes it mandatory that once a year the same identical work will be duplicated. If we have no faith in the ability and integrity of the General Accounting Office and want outside accountants to do this work, then let us not make it necessary that the General Accounting Office carry a personnel to do work which the Government is not going to accept with confidence. If we have confidence in the General Accounting Office, then we should at least leave it optional with the President as to whether or not he wants an outside check-up on the General Accounting Office.

Now let us go to the power phase of it. When we consider this bill carefully, there is no doubt but that there will be expended untold millions. The bill itself provides for an appropriation of \$10,000,000 and for a bond issue of \$50,000,000. So far as the bill itself is concerned, we would say it only authorizes an expenditure of \$60,000,000. Probably a casual reading would leave this inference, but this is a deception practiced upon the country. Carry out the mandates of this bill, and the man does not live who has a reasonable comprehension of how far this obligation will go against the people of the United States.

Very likely when this bill comes back to the House we will find the Senate has substituted for it the Norris bill. Under section 15 of that bill electric power is to be developed to the maximum, and bonds are authorized to be issued with no limitation on the amount of bonds which may be issued. It is estimated 5,000,000 potential horsepower is involved in this project. A reasonable estimate of the cost to develop such horsepower is \$150 per horsepower. This would mean an expenditure in the end of about \$650,000,000. Before this thing is through we are going to be into the billions, because once it is started we will be told we cannot stop.

Let me show you some more of the fallacious ideas set forth in this bill. Section 15 of the bill provides that the primary purpose is the development of power for domestic consumption on the farms and in the cities; that the secondary purpose is its use by industry. Well, this is only a dream. Anyone who knows enough about electricity to turn an electric button knows the plant does not operate that can produce electricity profitably except it has a constant industrial load. Unless a plant has a constant industrial load it cannot produce electricity cheap enough to be sold to advantage for domestic purposes.

I have no brief for the stock grafters who have been promoting electric light and power plants over the country the last 15 years. In many instances I have advocated municipal ownership of plants, but I have never yet undertaken to lead the people of any given community down a blind alley by recommending to them the establishment of a municipal light and power plant where there was not an industrial load at hand for them.

Municipal light plants are practical and are invariably operated at a profit in those towns and cities where they have access to a constant industrial load to equalize the demand with the capacity of the plant. I have never known of a successful municipal plant to be operated upon the theory that furnishing electricity to industries was a mere secondary purpose. My position in this matter is not a case of a greater interest in smokestacks than in lighting darkened homes. It is just a case of using a little horse sense and being practical. In the long run, it is a case of having a greater interest in the welfare of the homes. The people

buy the electricity for domestic consumption when they are able to buy it from a plant which has a large, constant industrial load. When the people buy electricity from a plant which does not have a large constant industrial load, the cost of placing electricity upon the board to be used in the homes is so high that in turn the price paid by the homes for domestic use becomes prohibitive for many domestic uses. Those who operate municipal plants either know, or soon learn, this fact. Therefore, they soon operate their plant not with the idea that supplying electricity for industries is a mere secondary purpose but with the idea of supplying electricity for industries in order that they may be able to produce electricity in a quantity and at a cost which will permit the sale of it for domestic consumption at a cheap rate.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 10 additional minutes to the gentleman from Kansas.

Mr. McGUGIN. The distance power may be transmitted from this plant is limited to a radius of 400 miles from the place of generation. Why tax the people of the entire United States to provide electricity and power for industrial and domestic uses within a restricted area of 400 miles?

I do not admit for a moment this project is practicable; but, assuming for the purpose of the argument that it is, I ask you, How can I or any Member whose district lies more than 400 miles from Muscle Shoals justify his action in voting taxes upon the backs of his constituents to furnish electricity and power for those living within this golden circle with a radius of 400 miles from this portion of the Tennessee River? [Applause.]

I came in here a few weeks ago and stood squarely behind the President of the United States and voted for the economy bill. I personally believed, and I believed his statement when he said that a bill was necessary to preserve the faith and the credit of the Government of the United States; but here comes a proposition that is going to demand much of the people of the United States and drain the faith and credit of the United States for tens and tens of millions of dollars and ultimately hundreds of millions of dollars.

Having stood here a few weeks ago and voted to reduce the salaries of public employees, voted to give the President power to take certain pensions away from many of my comrades who were the defenders of this country in time of war, I am not now ready to vote to pour public money and credit by the millions into the Tennessee River. [Applause.]

In this connection, I want to ask any Congressman who stands upon this floor and votes for this bill, who likewise voted for the economy bill, if he thinks he even deserves the good will of the veterans of his district and of the public employees of his district and of the taxpayers of his district, much less deserving their confidence and support.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I cannot yield.

Mr. RANKIN. What about those who voted against the economy bill?

Mr. McGUGIN. They are in pretty good shape; they are consistent. In this connection I may say we have almost come to the point where there may as well be but two kinds of Congressmen—consistent Treasury raiders all the time and those consistently in favor of some economy in government.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. My time is very limited.

Mr. GOSS. The gentleman was a member of the Economy Committee, was he not?

Mr. McGUGIN. Yes.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. I am sorry but I have not the time to yield.

This is a case where it is purely a proposition of heads the Government loses and tails somebody else wins. Obviously, all losses must be made up by the Government, but here again, in section 14, we practice some more fraud and deceit upon the Congress and the country. By this section we leave the inference that the net profits shall go into the Treasury of the United States. But before there are any net profits the Board must first deduct the cost of operation, maintenance, depreciation, and amortization.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. Not yet.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield for a question about his own record? I wish to ask him about his own consistency as shown by his votes in the RECORD.

Mr. McGUGIN. I have not yet yielded. Mr. Speaker, I decline to yield.

Let us see what else there is to it. Mr. Speaker, under this section before one dollar can get into the Public Treasury this board must be satisfied that it is not needed for future operating capital or needed for construction. This will be worse than the Federal Reserve System. Supposedly the Treasury was to obtain some profit from the Federal Reserve System, but before any profit will be turned back to the Treasury from the Federal Reserve they must pay for the great buildings they have built all over the Nation, buildings that were not needed. The same thing will apply in this enterprise. Not one penny can get into the Treasury except the board reaches the conclusion it is not needed for future operation or future construction. There will be no end to carrying on future construction rather than to turn any net profits into the United States Treasury.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McGUGIN. For a very short question.

Mr. McFARLANE. Will the gentleman explain his vote against the administration measure which gives to the President the right to reduce the more than \$200,000,000 annual postal deficit? In view of his speech today on the subject of economy, will he explain why he voted against the measure giving the President of the United States the power to reduce the postal deficit?

Mr. McGUGIN. My first answer to that is that I voted to reduce first-class postage from 3 cents to 2 cents, but I was voted down by the gentleman and his political colleagues. [Applause.] Next, I refused to vote for that bill because it carried a continuation of the iniquitous gasoline tax for another year. [Applause.]

I want to call the attention of the House to another section of this bill. It provides for going up to Cove Creek and building another dam over 100 miles from Muscle Shoals and not even on the Tennessee River.

After the war there were millions of dollars' worth of American Army supplies destroyed in France. We have heard much complaint about it. When it was destroyed, however, at least it was not used as an excuse or justification for spending millions of dollars more.

Muscle Shoals is not practical in and of itself as a place to produce electricity, and sections 16 and 17 frankly admit this, because you are insisting that the Government go 100 miles up the river and on another river and build another dam in order to have an even flow of water for 12 months of the year so that Muscle Shoals can be used for the production of electricity. As a matter of fact, after this is done and after this \$60,000,000 is expended, again we are going to be told, as we are now told, the Government has this much money invested and we will have to go on and see this thing through and spend more and more money.

Now, let us assume that this proposed board can produce electricity and will produce it more cheaply for the use of manufacturing in the Tennessee Valley. If I am not mistaken, the thing that is hurting this country now is that the industry we already have is standing idle and not that we need more industries.

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. McGUGIN. In considering this measure, the sponsors always throw reason and consideration to the four winds and intolerantly stick to the assumption that its success is not a matter of question. Now, for the sake of the argument, let us assume that their assumption is correct. Let us assume that the enterprise will be operated efficiently, that electricity is produced cheaply and sold advantageously to industry in the Tennessee Valley. Then the question arises, Is that advisable, and is it equality among the people of this country? I cannot subscribe to the proposition that all of the industries and all of the people of the United States should be taxed to provide cheap electricity for industry in one specific section of the country so that it may be favored and operated at an advantage over the industries of the rest of the United States.

I am not interested in taxing the people of Kansas or having the people of Kansas assist in providing their share of the public credit to generate cheap electricity in the Tennessee Valley so that industries located in that valley can operate at an advantage over industries located in Kansas. I am not interested in placing this burden upon the people of Kansas so that in the future industries seeking locations will pass by Kansas and go to the Tennessee Valley.

My honest judgment is that in the end this enterprise will not be successful and that the people will suffer a terrific loss which must be made up by the Federal Government picking the pockets of all of the people through the collection of taxes. Yet, assuming that it meets with all the success which its sponsors claim, still the fact remains that any Congressman who sits here and votes for it and represents a district more than a few hundred miles distant from the Tennessee Valley betrays the just interests of the people whom he serves. He will have voted to tax his own people for something which may destroy them and which certainly cannot benefit them.

We are forced into this situation very largely by the efforts of a grand old gentleman from McCook, Nebr., yet my judgment tells me that he is promoting something which is a mere obsession with him and which I am quite certain will never benefit the people of Nebraska. If it succeeds, it will provide economic discrimination against the people in Nebraska. If it produces cheap power, it will discriminate against Nebraska industries. If it produces cheap fertilizer, transportation charges will not permit the farmers of Nebraska to enjoy the benefits of that cheap fertilizer. It will only present economic discrimination against the farmers of Nebraska in that it will make it possible for their competitors in the vicinity of the Tennessee Valley to enjoy increased production to be sold in competition with the production of the Nebraska farmers. If it fails, every citizen in Nebraska will be obliged to contribute in taxes to help make up the loss. What is here said of Nebraska is true of every other State which is located at a distance of more than a few hundred miles from the Tennessee Valley. I am not going to vote for such discrimination against the people who sent me to Congress and whom I am trying to represent faithfully.

Under the rules, I cannot mention a Senator by name. I said, a few moments ago, that the Congress and the country were being forced into this situation very largely by the efforts of the distinguished citizen of McCook, Nebr. During the campaign, President Roosevelt stopped off at McCook especially to visit with this distinguished gentleman. This visit obtained for Mr. Roosevelt the votes of a host of followers of this gentleman. Then a political obligation was created, which the President should some time liquidate. I have no objection to the President's paying his political obligations. Due to my high regard and veneration for the distinguished citizen from McCook, I have no objection even to his obsessions' being gratified. However, I am not willing to vote to force my country into an enterprise which will cost the people of the United States millions of dollars, and which experience and reason tell me will most likely be a

gigantic loss to the people in order to pay the political obligations of any man or gratify the obsessions of any man. This is true even though he be a President or a United States Senator.

If this enterprise proves successful, it is discrimination which the most of us are voting against our own people. If it proves unsuccessful, we have voted the loss of the experiment upon our own people. Others may do as they please, but, as for me, I will not so vote against the people of the Third District of Kansas. I thank you. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 10 minutes to the gentleman from Louisiana [Mr. MONTET], a member of the committee.

Mr. MONTET. Mr. Speaker, while this is my second journey with a Muscle Shoals bill since I have been a member of the Military Affairs Committee, it will not be my purpose to cover ground already covered. My only purpose in taking this time is to call to the attention of the House certain provisions of the bill which render this proposal immune from any successful charge that it is begotten of prejudice against any activity in the area it seeks to serve and develop.

While Muscle Shoals was first called to the attention of the Nation some 100 years ago, it was not until 17 years ago, in 1916, that Muscle Shoals really came into being. During the World War Congress passed the National Defense Act. In that act it is provided that in times of emergency Muscle Shoals shall be used for purposes of national defense, and in times of peace for the promotion of agriculture by producing cheaper fertilizer and more fertilizer for the farmers of the country.

In this proposal we seek to effectuate this purpose. We have written into the bill provisions which insure, under all circumstances, the production of fertilizer at Muscle Shoals. It is provided that the authority shall have the power to lease this project for the production of nitrogenous plant foods and other fertilizers or fertilizer ingredients. It provides that if the authority itself operates this project, it shall be bound—and this is made mandatory—to produce fertilizer at Muscle Shoals under all conditions and circumstances. The bill insures a minimum production and that this production shall be increased as the market demands shall require.

So in this respect we are carrying out the provisions of the National Defense Act of 1916, which brought Muscle Shoals into being.

It is my purpose to not only call your attention to certain provisions of this bill but to also refer to statements by our President and other leaders of public thought with reference to public utilities of this and kindred kinds.

I want to call your attention to section 13, which provides that—

in the event the board is unable to make satisfactory contracts with persons, firms, or corporations engaged in the distribution and resale of electricity as in this act provided, or for the use or purchase of such transmission lines, it is hereby expressly authorized, either from appropriations—

And so forth, to construct lines for the distribution of electricity. On page 24 of this bill, section 16, the first proviso also has a like provision with reference to the construction of a transmission line from Cove Creek to Muscle Shoals.

These provisions are founded upon sound business principles, and it is my hope that under any and all circumstances, whatever bill is eventually passed by the Congress, these same sound principles will be contained in the measure.

This is in line with the testimony adduced before our committee. Every witness testifying before the Military Affairs Committee in support of this legislation said it was either his or her opinion that if the Government entered into this field of activity and constructed dams and electricity generating facilities at Muscle Shoals, before engaging in the construction of transmission lines, the Government should first make every effort possible to avail itself of now existing transmission facilities in that territory. Every witness who testified before the committee admitted that that was the proper way for the Government to enter into this field, that it should first attempt to use existing facilities now in that

area and owned by private companies. In other words, the Government should only go into the transmission and resale of power as a last resort.

We have written this principle in the bill. This is in line with what our President said to the New York Legislature in 1931 when he was Governor of that State. It is in line with his public addresses and in his recent book, *Looking Forward*.

Mr. GOSS. Will the gentleman yield?

Mr. MONTET. I yield.

Mr. GOSS. I want to say to the gentleman that I consider that the most constructive amendment that has been written into the bill.

Mr. MONTET. I thank the gentleman. I want to call attention to statements made by President Roosevelt. I am calling this to your attention for the purpose of showing that these provisions are in line with what the President has said.

In July 1931, at a conference of governors at French Lick, he said:

We hope this new commission will be able in order to prevent duplication of existing lines to make a fair contract with existing utility companies, under which contract the utility companies will receive the actual cost of transmission, the actual cost of distribution, plus a reasonable profit on that transmission and distribution.

The provisions of this bill are in direct line with that statement.

In a radio address on the New York State water-power issues in April 1933 President Roosevelt, discussing the bill creating the New York State Power Authority, said:

The bill further distinctly provides that if the power trustees are unable to bring about a contract or contracts satisfactory to them and to the governor with private companies for transmission and distribution, then the trustees must report to the legislature some other plan, if practicable, for either transmission or distribution, or both, which may involve the erection of transmission lines by the authority itself.

We went a step further than did Governor Roosevelt in 1931. He said, if the board is unable to effect an agreement with private companies for the transmission of power, it shall report back to the legislature for further instructions.

There was written in this bill a provision which goes beyond the instructions contained in the New York Power Act, because we do not provide that the authority must come back to Congress. We provide that if it is unable to make a contract with private companies for the resale of power, or for the use or purchase of these lines, instead of coming back to Congress, the authority can go ahead and construct distributing lines without coming back to us. This is a more liberal provision than was put forth by President Roosevelt in his New York Power Authority Act.

No one, I believe, would attempt to justify the construction of unnecessary competing services. I notice that on the 15th of this month our own Speaker, Mr. RAINEY, in a speech to the American Highway Freight Association Convention in this city, while discussing the question of a system of railroad trunk lines paralleling each other and serving the same areas, said:

We have the spectacle in this country now of parallel tracks extending sometimes for 2,000 miles, serving the same terminals, and the same points where passenger and freight traffic originate.

It would be just as ridiculous for this Government to build transmission lines without making some effort to use the system already in existence as it would be to build two competing railroad trunk lines serving the same terminals and the same area. It is for this reason that we wrote the provisions here referred to in this bill. These, I believe, are sound economically and represent good business sense. The Government cannot justify going into this Muscle Shoals project with a view of destroying existing facilities. It must first make every effort possible to close satisfactory contracts for the resale of power, and to show you that that would accomplish the same purpose as the construction of transmission lines, we also provide in the bill that the rates to be charged for the redistribution of this power shall be fixed by the Federal Power Commission.

Mr. KVALE. That applies only to maximum rates.

Mr. MONTET. That is true. It applies only to maximum rates, but the point I am driving at is that the purposes of this Muscle Shoals legislation is to establish a yardstick, and we maintain that by these provisions of the bill we can establish the yardstick without causing the Government to put the distributing system now in existence out of business, because, at all times the Government will have its thumb on the rate-making power, the Federal Power Commission. It is therefore important that whenever any provision is made for the construction of transmission lines by the Federal Government, these provisions of this bill should be maintained, for they are economically sound, good business principles and refute the charge of time made that this is a deliberate effort to destroy power facilities now serving the Tennessee Valley. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, my interest in this bill so far as conversation on the floor of the House is concerned has been directed very largely to the repeated suggestions on the Democratic side of the aisle about this proposed yardstick that the Government is to construct at an expense of 1,000 million dollars. Surely you gentlemen on the other side of the aisle are not going to convey to the people of the country that the administration is ready to spend a billion dollars in order to ascertain what it costs to make fertilizer or to generate power? That to a large degree has been the basis for your support of this socialistic proposal. Your administration has very little confidence in you gentlemen on that side of the aisle when it promotes the presentation of a rule to hamstring every one of you and prevent you from offering amendments to the bill.

The rule provides that no amendment shall be in order. Why is that done? It is done because your President has no confidence in you and your tremendous voting majority. You might offer amendments to this bill that would perfect it and make it desirable in the eyes of the public, but that is not what your administration wants. Let us see what your administration requested last week. Your President requested Congress to—

create a Tennessee Valley authority, a corporation clothed with the power of Government but possessed of the flexibility and initiative of a private enterprise, whose duty should be the rehabilitation of the Muscle Shoals development, together with the conservation and development of the natural resources of the Tennessee River Drainage Basin.

When he requested that, few people had an idea that he was going to embark on an orgy of expenditure to the extent of a thousand million dollars. They little thought that he was intent upon promoting a gigantic governmental undertaking that would cost the Federal Treasury more than a billion of dollars and would in turn put the Federal Government in direct competition with two of its largest private commercial enterprises.

Let us see what the bill provides in section 27. It provides that money appropriated may be used for the—

general purpose of fostering the proper physical, economic, and social development of the people of said areas.

Think of it! A rule is brought into the House objecting to your amendment, and I am referring to you gentlemen over there who have the majority and who are responsible for this legislation, which rule will prevent your amendment of language like that which I have just quoted. It is so broad that the President could establish breweries down there if he wanted to, or hospitals, or schools, playgrounds, insane asylums, or military barracks. He could spend that money for almost any purpose under the sun. The language of the bill permits it, and you gentlemen are hamstrung and tied so that you cannot even offer a limiting amendment. Nothing like this has ever been presented to the House, I venture to say, in the history of this Government. This Muscle Shoals legislation is not new to Congress. It is new to some of you gentlemen on the other side, a hundred or more of you, who are trying to make yourselves believe that the President will not take advantage of the power granted him; but I agree with the very distinguished gentleman from

Arkansas [Mr. RAGON], who said the other day, when the postal legislation was under consideration, that legislation is always brought into the House for the purpose of putting it into effect, and I agree with him.

So it is with this Roosevelt Muscle Shoals bill. It is brought in here for action. The administration is going to pay the South a debt that the Democratic Party has owed it for many, many years.

Mr. Speaker, when carried into effect, the Roosevelt Muscle Shoals bill will destroy the fertilizer industry of America, which now comprises a capital investment of some \$400,000,000, with a manufacturing capacity of 12,000,000 tons of fertilizer per annum.

In the year 1932 the farmer tonnage of fertilizer requirement was 4,300,000 tons, and it is probable that the requirements this year may reach 5,500,000 tons, because of governmental stimulation, cash subsidies, farm-relief legislation, and other panaceas being formulated by the socialistic "brain trust" surrounding the President.

The Roosevelt "new deal" proposes to put the Government into the fertilizer business at a time when the private industries are running at 50 percent of their capacity and losing in actual money nearly a million dollars a month to their respective stockholders who are scattered throughout the United States.

Fertilizer industries are today selling their product to the farmer at much less than actual manufacturing costs.

The suggested sale of surplus electric power carried in the Roosevelt bill is mythical, because the several private power and light corporations now operating in that section already have a surplus of a billion kilowatt-hours, with no customers for it.

The bill puts the Government into the power and fertilizer business in competition with private enterprise at a time and place when this costly action is as unnecessary as would be the continuance of building war-time wood and concrete ships, the manufacture of shells and ammunition or the mining of our harbors against an unknown aggressor.

The political football of the Wilson, Harding, Coolidge, Hoover administrations is now scheduled to kick the balanced Budget into a cocked hat.

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. BRITTEN] has expired.

Mr. JAMES. Mr. Speaker, I yield 3 additional minutes to the gentleman from Illinois.

Mr. BRITTEN. Years ago it was sought as a power project for the development of the Tennessee River area. Then the war came along and it was changed into a war chemical manufacturing plant for the manufacture of nitrogen, and, forsooth, for fertilizer purposes. There is no need, there is no demand for this great military power plant today. There certainly is no demand for it for military purposes. It is no different from other costly military ventures of the Government. We spent for the Hog Island shipbuilding yards \$70,000,000. Would anyone suggest in seriousness that we ought to carry on that tremendous enterprise and construct ships? Of course not. We spent \$390,000,000, almost three times as much as was spent at Muscle Shoals, for the building of wooden and concrete ships during the war. Would anyone seriously suggest that we continue that activity? We spent \$2,000,000,000 for commercial ships to carry our supplies to and from Europe. Would anyone suggest that we continue our shipbuilding activities, just because we were capable of doing so? We spent \$23,000,000 in the erection of another enterprise down here in West Virginia, for the manufacture of armor plate. It was another one of your Democratic "yardsticks" to regulate the cost of armor. It was a fizzle and a complete loss to the Treasury.

The Muscle Shoals plant was built during the war for the manufacture of nitrogen for military explosives. Today that plant is obsolete and of no value to the national defense, which in an emergency would require less than 150,000 tons of nitrogen annually for military purposes. Private enterprise today could manufacture 550,000 tons of nitrogen per annum. An amount quite sufficient for war, industry, and

agriculture. There is no need for this enterprise. It is not an emergency measure. We are not required to spend a thousand million dollars for a yardstick by which to measure the cost of fertilizer or the cost of power. We know what that is. As the gentleman said a moment ago, tomatoes may cost more to grow in Minnesota than in Florida. You gentlemen on the Democratic side of the aisle will rue the day you brought this bill into this House. It has been promoted by the so-called "socialistic brain trust" now surrounding your distinguished President. It is an unnecessary piece of legislation. [Applause on the Republican side.]

The SPEAKER pro tempore. The time of the gentleman from Illinois [Mr. BATTEN] has again expired.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Oklahoma [Mr. JOHNSON] such time as he may desire.

Mr. JOHNSON of Oklahoma. Mr. Speaker, for more than 100 years the Muscle Shoals question has been recognized by the United States Government as a Federal problem.

In the year of 1824 President Monroe submitted to the Congress a report of his Secretary of War, John C. Calhoun, recommending a survey of the Tennessee River in the vicinity of Muscle Shoals for the purpose of improving navigation and aiding commerce and military operations.

In almost every administration from President Monroe to that of President Wilson, some 90 years later, the Muscle Shoals problem has engaged the attention of the country.

In the year 1916 a provision was inserted in the National Defense Act, section 124, authorizing the President of the United States to make an investigation to determine the best, cheapest, and most available means of producing nitrates and other valuable products for munitions of war and useful in the manufacture of fertilizer; looking to the building of dams, locks, and improvements to navigation, power houses, plants, and equipment for generation of electrical power.

This survey resulted in the Government's investment of more than \$150,000,000 in Muscle Shoals as a war-time project.

Muscle Shoals was only one of many war-time enterprises but is the only one, so far as I can recall, that emerged from the World War with any appreciable peace-time value.

Twice since I have been a Member of this House, in the years of 1928 and 1930, both Houses of Congress have passed a Muscle Shoals bill by an overwhelming majority, similar to the bill now pending, and both times they were vetoed by the President.

In the Seventy-second Congress the House passed another Muscle Shoals bill, similar to this one, but it failed of passage in the Senate. I was a member of the subcommittee that wrote the last bill that passed this House, so am somewhat familiar with this legislation.

It has been amusing to hear some of the arguments that have been raised against the pending measure. For example, there are a few Members of this House who are insisting that they want nothing but the original Norris bill, whatever that may mean. Let me say here that I yield to no one in my respect for the great progressive Senator from Nebraska. His great heart beats in sympathy with the toiling masses. His zeal is unsurpassed in either House of Congress for the enactment of legislation to harness the Tennessee River in the interest of mankind. The fact is, however, that the so-called "Norris bill" that some of you gentlemen are so insistent upon passing without the changing of the dotting of an "i" or the crossing of a "t", was, in part, written by a House subcommittee back in the Seventieth Congress. Senate Joint Resolution No. 49 by Senator Norris passed the Senate, but when it reached the House a subcommittee redrafted the Norris bill. The House passed the measure as redrafted and the conference between the two Houses adopted much of the redrafted bill, and it has since become known as "the Norris bill."

As a member of the Committee on Military Affairs that wrote the pending measure, I have no hesitancy in saying that, in my humble judgment, it is a much more complete and practical measure than the so-called "Norris bill."

For example, the Norris measure only has fertilizer in it as an experimental proposition, while the pending measure guarantees a reasonable production of cheap fertilizer for the farmers of the United States.

The Norris bill contains no plans providing for amortization, while this bill provides for complete amortization within a period of 50 years.

It has been whispered around the corridors of the Capitol that the President of the United States does not want the passage of this bill. I have never posed as a White House spokesman but will say that I have discussed Muscle Shoals with the President of the United States and I am fully convinced that in the pending measure have been written the fundamentals of this legislation desired by our great Chief Executive.

A few Members of this House, who are bitterly opposed to any kind of Muscle Shoals legislation, are ridiculing the whole project as an impractical dream, but may I remind you that when Columbus dreamed of a new world he was ridiculed by many of the high and mighty? When Robert Fulton conceived the idea of a steam engine he was scoffed at as an idle dreamer? When the Wright brothers made their first crude contraption, in an effort to build what they hoped to be a flying machine, their efforts were laughed at by the so-called "sane conservatives" as silly and impractical? No great outstanding achievement has been accomplished, in any age, by any people, without a vision.

President Franklin D. Roosevelt, who pledged to the people in the last campaign that he would harness the Tennessee River and put to use for the benefit of humanity the great God-given powers of that region, and who is religiously endeavoring to carry out that promise, as well as all other campaign promises, is also scoffed at as a dreamer. Because he seeks to unshackle that great giant at Muscle Shoals that will revolutionize the power problem and permit the humble family to avail itself of electricity at a reasonable rate, he is being held up by the representatives of the power monopoly as an impractical dreamer. Because he has visions of securing fertilizer for the American farmers in the reach of the small home owner and tenant farmer, he is being scoffed at today by scores of lobbyists and representatives of the fertilizer trusts as an idle dreamer.

Another argument raised by enemies of this measure is that the machinery and equipment at Muscle Shoals is antiquated and of no value for practical use. Representatives of the Power and Fertilizer Trusts who have appeared from time to time before the House Military Affairs Committee have all stressed and stretched this argument to the breaking point.

Mr. Speaker, when I went with several members of the House Military Affairs Committee on an inspection tour of these plants a few months ago, at the time Mr. Roosevelt visited this region, I had fully expected to see very little but old, out-of-date machinery, good for little of anything but junk. But, to my amazement, our committee found the opposite to be true. The machinery has been well kept and shining like new money. A greater part of it can be put to practical use within a very short time.

So, in spite of the insidious propaganda that Government properties now at Muscle Shoals are only a junk heap, as has been insinuated time and again since this discussion began, a visit to Muscle Shoals will convince any fair-minded person that there is absolutely no foundation for any such argument.

Time does not permit a detailed discussion of the pending measure. Other members of the committee have already dealt more or less in detail in discussing the bill, and no doubt Chairman McSWAIN, who has spent much time and energy on this legislation for the past several years, will probably explain the features of this bill at some length when he speaks later.

I am not one of those who claim this is a perfect bill. The fact is, I did not support all of its provisions in the committee. However, any weaknesses in this measure can be ironed out in conference between the House and Senate

later. Inasmuch as the people of Oklahoma, whom I have the honor to represent in part, are 800 to 1,000 miles distant from Muscle Shoals, they will not secure the benefit as will the people of the Tennessee Valley. So I cannot be charged with being selfish in my support of this measure. And yet, because the completion of Muscle Shoals holds out to the farmers of America cheap fertilizer and to all our citizens power at a more reasonable rate, I predict that the passage of this measure and the construction of Cold Creek and other dams as provided in the bill and construction and improvements at Muscle Shoals will mean a distinct blessing to the entire country, not only for this generation but for posterity. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio [Mr. TRUAX.]

Mr. TRUAX. Mr. Speaker, I wish to consider this bill as a fertilizer measure to help the farmers of this country. I would remind my friend on the minority side of the aisle, when he said this was a bill to pay back to the South a debt that the Democratic Party owed it, that this bill will help pay off the debt to the farmers of this Nation which the Republican Party owed it for 12 years and failed to pay. [Applause.]

We hear much from our friends across the aisle about the socialistic "brain trust" that is sponsoring the President's program. I would remind them that when one billion or two billion dollars was being doled out to the bankers and railroads, insurance companies, and mortgage-loan companies of this country, we heard no such statements emanating from them. I like the gentleman from Kansas [Mr. MCGUGEN], but continually the gentleman seeks to tell the new Members on the Democratic side how they should vote and what the reaction will be back home should they vote this way or that way. I wish to say to the gentleman I am thinking when I vote for this bill of one and one quarter million people back in Ohio who voted for me. I am voting for those seven million people in Ohio who are held in the grip of and being strangled by the Power Trust of this country. I am voting for the one and a quarter million farmers in my State who are being robbed and plundered by the Fertilizer Trust of this country. I say to you that I voted against the so-called "Economy Act", and when I did that I voted against the National Economy League and the rich income-tax payers of this country, and today when I vote for this bill I am voting against the Power Trust, against the Fertilizer Trust, and voting for all the people of this great country of ours.

Mention has been made that the President is assuming dictatorial power. He is, my friends, and the country is with him, and whenever he uses those dictatorial powers for the benefit of all the people, as he has, and not for the benefit of the privileged few, I shall continue to vote with him on each and every one of those measures which he sponsors. [Applause.]

The enactment into law of this bill, H.R. 5081, marks a milestone in the progress of Government activities for the benefit of the American farmer. The many advantages of using commercial fertilizers in connection with the production of grain crops in this country are too well known to warrant enumeration or analysis at this time. For decades large and liberal applications of nitrogenous and phosphoric fertilizers have been used by farmers in the Middle West, in the South, and in the New England States. Quite liberal use has also been made of these plant foods in the Southwest, Far West, and Northwest in recent years for the intensive production of certain specialized crops. Two decades ago and even three decades ago the net returns to farmers for their various crops was such as to warrant the use of commercial fertilizers upon the staple grain crops, including wheat, corn, oats, rye, barley, and to use much larger quantities upon such specialized crops as tobacco, cotton, potatoes, garden truck, and fruits.

For the past 2 years selling prices of farm commodities have stood at such ruinously low levels that the farmer who used fertilizers has not been able to break even but has

actually lost money on this transaction. Because of this condition and because of his inability in many regions to obtain fertilizer on credit, the total amount used shows a marked decrease. It is an axiomatic fact that when prices are low production is greatest. In order to pay taxes and interest charges, farmers must work every last tillable acre, which means soil depletion year after year. Add to this the natural soil erosion that takes place each year together with the cutting down of leguminous nitrogen creating crops because of high-priced seed, and we must admit that even in a 5-year period a decided impoverishment of soil plant food has occurred.

With each succeeding year of farm depression, beginning in 1921, it has been increasingly difficult for farmers to use fertilizer. They carried on year after year without keeping accurate account of the cost of fertilizer, the excess yield produced thereby, and the gross selling price as compared with the net cost. Then a little later, with many private dealers handling fertilizers and the farm cooperative buying associations forging to the front, these commercial plant foods became the easiest thing in the world for the farmer to buy—and the most difficult to pay for in the end. With competition growing keener day by day, the farmer learned that his fertilizers would be delivered at his door; that he would be given ample time in which to pay for it upon giving his note bearing a seemingly reasonable rate of interest. The rub was that each succeeding year, with few exceptions, in this 12-year downward slide, selling prices of the farmer's grain crops, fruits, vegetables, and livestock showing a diminution each year. Fertilizer costs did not show a corresponding diminution, keen as the competition was. Hence, during the past several years farmers find they can buy fertilizer but cannot pay for it out of the meager receipts of their farm commodities; hence, the provisions of this bill that we are debating today offers an opportunity unequaled and unprecedented in all history for the farmers of a great nation to be furnished at the lowest possible cost the plant food so necessary and vital to the conservation of our soil, hence to the conservation of the greatest agricultural nation the sun ever shone upon.

The farmers of America look upon the Muscle Shoals project as a fertilizer project. They insist that all the power necessary shall be used in the making of fertilizer. They say that the surplus power should be used for the common good of the residents and industrialists living and operating in the adjoining territory, and that a marked reduction in price over present rates should be effected.

A word about the enormity of the plant itself would not be amiss at this moment.

There are three distinct Government operations at Muscle Shoals: United States nitrate plant no. 1; United States nitrate plant no. 2, with its steam plant and limestone quarry; and Wilson Dam, with its generating plant and navigation facilities and its cheap hydroelectric power, and Waco Quarry, with its almost unlimited amount of limestone, are essential to the successful operation of nitrate plant no. 2. The cost of construction was \$69,000,000. Two thousand three hundred and six acres of land are covered. The plant has a production capacity of nitrogen, 500,000 tons; phosphoric acid, 1,000,000 tons. Normal mixed fertilizers, 12,000,000 tons; ammonium nitrate, 110,000 tons. Raw materials necessary to the process are limestone, coke, air, and water. Two of these—limestone and coke—are shipped to the plant by rail. Lime and coke are mixed together and fused in electric furnaces to form calcium carbide. Nitrogen is separated from the atmosphere by first cleansing the air, then compressing it, where the separation of the nitrogen gas is accomplished by the Claude process. Carbide and nitrogen are brought together in electrically heated ovens and fused into cyanamide, a crude fertilizer having a nitrogen content of over 20 percent. The cyanamide is ground to a fine powder and the acetylene gas removed by hydrators. At this point cyanamide is placed in large steel tanks with a solution of caustic soda. Live steam is then turned in, and the subsequent reaction produces ammonia gas, which in

turn produces nitric acid and nitrates for fertilizer and explosives.

The production of fertilizer, however, is only one of several gigantic projects proposed. The bill provides:

For the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development.

Four distinct fields of usefulness are recognized: First, nitrate manufacture for national defense; second, fertilizer production; third, power development; fourth, navigation improvement.

The bill is opposed by two organized groups—namely, the Electric Power Trust and the Fertilizer Trusts. It would appear on the surface that the opposition of these two groups is wholly selfish, since they produce and sell power and fertilizer, respectively.

That this gigantic Government plant, instead of being allowed to disintegrate, as it has for the past 13 years, should be put to immediate use and work for the farmers and electric-power users of the country no fair-minded person seriously doubts. The United States is not self-sufficient either in peace or war in its nitrogen supply. The soils of our fields are depleted from erosion and crop production many times faster than they are being replenished. Nitrogen and phosphates can be produced cheaply at the Muscle Shoals plants. One great national use can be obtained by selling power in the form of fertilizer; another national use secured by selling the surplus power at reduced rates. Cost of fertilizer to farmers will be much less than now: First, because of low-priced power; second, because of water transportation; third, because of high concentrate material; fourth, because of distribution through cooperative organizations and other local associations. Admitting that fertilizer prices have dropped sharply, yet the disparity between selling prices of farm commodities and fertilizer cost prices is greater now than it was 10 years ago. More pounds of pork, more bushels of corn, more bushels of wheat are required today to buy a ton of fertilizer than was the case in 1923.

Farmers and farm organizations will be given first opportunity to use the new forms of fertilizers at a low cost; to lease the existing plants, if necessary, for the benefit of the farmer and agricultural conservation, except that there shall be no lease of power dams, power plants, and power-generating facilities. Fertilizers produced shall be sold to farmers or their authorized purchasing agents at cost, plus 4 percent. The plants must be maintained for the production of explosives in the event of war and nitrogenous explosives supplied to the Government at cost. No products shall be sold to foreign nations except to allies of the United States in case of war. Surplus electric power will be sold to States, counties, municipalities, corporations, partnerships, or individuals at low rates, with preference given to such municipalities or farmers or organizations of farmers or parties not organized for profit. One of the most valuable accomplishments of the plant will be the fixing of a standard rate for electric power all over the United States. This rate will be based upon actual cost of production, plus a reasonable profit. In case of war the Government takes possession of the entire plant immediately. Under the bill the President is given broad dictatorial powers which are vitally necessary to the successful administration of the act. The enactment into law will be a glorious victory for the consumers of electric power and a distinct defeat for the Power Trust. It will mean the freeing of the American farmer from the oppression of the Fertilizer Trust.

As we view American agriculture in the broadest manner possible, looking to the East with its many diversified crops, then turning to the West with its great Corn Belt, the Northwest where wheat is grown that the people may have bread, the Southwest and South with its cotton plantations, we cannot do otherwise than realize that the Muscle Shoals project, if operated to capacity or near capacity as a fertilizer project, can be made of personal and direct benefit to every farmer in this great Nation of ours.

I am supporting the bill 100 percent and am herewith submitting tables that will fully prove all of the contentions made for the bill by its proponents. (Tables furnished through the courtesy of the American Farm Bureau Federation.)

Principal ingredients used annually in manufacture of fertilizer in the United States

[Source: Fertilizer and Fixed Nitrogen Investigations, by Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 2]

	Tons
Phosphates.....	4,100,000
Nitrogenous.....	2,100,000
Potash.....	900,000
Filler and conditioner.....	800,000
Total.....	7,900,000

Fertilizer consumption by crops in the United States, 1930

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, Jan. 1, 1933]

	Percent
Percentage of total fertilizer consumption utilized for various crops:	
Cotton.....	35
Corn.....	21
Vegetables and fruit.....	10
Wheat.....	9
Potatoes.....	9
Tobacco.....	7
Oats.....	4
Hay.....	2
Miscellaneous.....	3
Total.....	100

Production, imports, and consumption of nitrogen in United States

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 2]

Item	1913	1926	1929	1930	1931
Production:					
Byproduct.....	Tons 39,330	Tons 170,000	Tons 187,600	Tons 164,000	Tons 122,900
Air fixation ¹	26,000	84,000	140,000	60,000	60,000
Imports.....	128,235	255,327	236,161	166,508	151,550
Total.....	167,565	451,327	507,761	470,508	334,450
Exports.....		36,000	55,500	33,840	34,200
Apparent consumption.....	167,565	415,327	452,261	436,668	300,250
Percent of total from domestic production.....	23.5	47.0	60.5	69.6	60.9

¹ Estimate.

Production, imports, and consumption of potash in United States

[Source: Fertilizer and Fixed Nitrogen Investigations, Bureau of Chemistry and Soils, U.S. Department of Agriculture, p. 26]

Year	Production	Imports	Total
	Short tons	Short tons	Short tons
1913.....	270,720		270,720
1926.....	23,366	238,000	261,366
1929.....	61,590	325,000	386,590
1930.....	61,270	318,900	380,170
1931.....	63,880	194,000	257,880

Estimated amount of concentrated phosphate which could be manufactured from surplus power at Muscle Shoals

[From data supplied by Office of Chief of Engineers, U.S. Army]

Year	Amount of concentrated phosphoric acid (95 per cent) which could be manufactured with surplus power		Equivalent amount of 16 percent acid phosphate	
	Amount during entire year	Amount during peak period	Amount during entire year	Amount during peak period
	Tons	Tons	Tons	Tons
1928.....	283,500	164,200	1,701,000	985,000
1929.....	275,700	179,500	1,654,000	1,077,000
1930.....	170,700	171,800	1,024,000	1,030,000
1931.....	174,000	158,400	1,044,000	950,000
1932.....	236,100	156,400	1,416,000	1,178,000

Amount of power going to waste annually at Wilson Dam, Muscle Shoals, 1928-32

[Source: From data supplied by Office of Chief of Engineers, U.S. Army, War Department]

	Total energy available with present Wilson Dam installation	Total energy delivered to transmission line	Amount of power not used
	Kilowatt-hours	Kilowatt-hours	Kilowatt-hours
1928	1,776,199,000	216,859,000	1,559,340,000
1929	1,682,232,000	165,821,000	1,516,411,000
1930	1,238,251,000	299,260,000	938,991,000
1931	1,291,044,000	333,975,000	957,069,000
1932	1,578,900,000	280,220,000	1,298,680,000

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. I should like to know the program for this afternoon. Is it expected to have a roll call on this bill, or what is the plan?

Mr. McSWAIN. I think it is best, from what I have heard from both sides, that we conclude the debate and go down to the point where the previous question will be ordered. We will adopt the committee amendments, about which there is no controversy, as I understand, and get to the point where the previous question will be ordered, and have the roll call tomorrow morning.

Mr. JAMES. The gentleman proposes that we act on the committee amendments?

Mr. McSWAIN. Yes; we will adopt the committee amendments this afternoon and get down to the ordering of the previous question.

Mr. Speaker, I now yield 5 minutes to the gentleman from Missouri [Mr. DUNCAN], a member of the committee.

Mr. DUNCAN of Missouri. Mr. Speaker, ladies and gentlemen of the House, the gentleman from Illinois a moment ago said this seemed to be a contest between the "brain trust" and the Power Trust. I come from back in north Missouri, where the people are not directly concerned with the question of Muscle Shoals. There nature has endowed us with soil so fertile that it needs little artificial enrichment; we are too far away to enjoy the benefits of the power to be generated at this project; but it does seem to me, in view of the things that have taken place during the past 10 years in this country, we ought to take advantage of the opportunities we have to develop this great project. It is a well-known fact that some of the agricultural communities of this country, particularly those growing cotton, must have large quantities of fertilizer to keep their soil sufficiently fertile to grow their products. Every man in this House who has had any experience with rate making knows that there has grown up in this country, with the consent of the courts and the regulatory bodies, a plan or system of valuing public utilities for rate-making purposes that has brought them into the present disrepute in which they find themselves and has shouldered upon the people the burden of paying excessive rates for their products, of paying exorbitant sums for fictitious values written into their rate structures. I have nothing in common with those who are upholding the rights of the utilities, nor have I any sympathy with those who are suffering from an exaggerated case of powerphobia. The necessity for this project has been repeatedly questioned by those who are against it and tell us that there is already an overabundance of electrical energy being generated by privately owned companies of the Tennessee Valley.

In determining the need for a thing we must take into consideration the efficiency of the methods in use, the price of the commodity, and its availability to all who want or need it. If your automobile is so expensive in its consumption of gasoline that you can not afford to use it, it would be good business to acquire one that you could operate. If the authority can manufacture electricity and fertilizer and develop these two commodities for the farmers and citizens of the South at a reduced cost to them consistent with good business methods, it is a worthy project, aside from the ele-

ments of national defense, flood control, and other uses to which it may be put to.

We are told that by one act of this body we intend to curtail the production of the farmer and by another act we intend to increase that production. I say to you that one of the problems of the farmer today is to produce the thing that he is now producing with a minimum effort. If he can raise the same amount of products on 1 acre of land by the use of fertilizer and with the same effort which he now produces on 2 acres, the opportunity ought to be given to him. This is the only bill I have ever seen providing for a Government-controlled agency which safeguards that project by permitting it to operate in accordance with recognized business methods unhampered by political red tape. Under the Democratic leadership and plans now being formulated I feel confident that the farmers are going to be able to buy fertilizers and use electricity to minimize their labors. You are going to be able to develop business not only in the vicinity of this project but in your own communities.

It is provided in this act that the authority may sell the electrical energy generated to be distributed by the purchaser to consumers at a price to be agreed upon by the authority and the distributor, and if no satisfactory agreement can be reached by which this commodity can be sold to the consumer at a fair price, the authority itself can build transmission lines for its distribution. This is a proposition to furnish the people needed products at a price they can afford to pay for them. It is worthy of consideration for the purpose of creating an institution which may be used as an example throughout this land. Its cost is small compared to the benefits to be derived from it.

The Republicans in 1924 in their platform recognized the duty of the Government to conserve national water power, and used these words:

The natural resources of the country belong to all the people and are a part of the estate belonging to generations yet unborn. The Government's policy should be to safeguard, develop, and utilize these possessions.

Today they are backing up on an old policy of their party, and speakers attack the measure because its employees are exempt from the Civil Service. That is natural. They have long been strong for Civil Service. When they are in power they create many jobs under it and have so manipulated it as to keep their boys and girls in office regardless of the political complexion of the administration. Employees of this authority will hold their jobs if they are efficient and if they are not they may be relieved just like the employees of any other business institution.

The most gratifying thing I have heard on the floor of the House coming from the Republican side is their apparent interest in the taxpayers' money. I say to you that it is high time they were thinking about it because, so long, they completely forgot the taxpayers, creating a deficit of hundreds of millions of dollars. Yet they advance the "saving" question as one of the reasons for defeating this measure, although it is the only project created under Government authority providing for a return to the Government whatever money is appropriated for its use.

Electrical energy has become one of the necessities of life and is used by all classes of people. It can be cheaply made and it ought to be available to every man and woman at a price they can afford to pay for it.

Mr. McSWAIN. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Speaker, this question has been before Congress for years and years and, as the gentleman from Illinois said a while ago, it has been a political football. With the Republicans in control of the White House and Congress since 1920 this question has been made a political football, but now with the Democrats in power we expect to make it a prosperity ball. I am happy to say that today we have a President in the White House who is playing ball with us. He has thrown the ball to Congress. Mr. McSWAIN, of South Carolina, Chairman of the Military Affairs Committee, is now on first base. Mr. HILL of Alabama, is on second base; Mr. ALMON, of Alabama, is on third base. When this ball gets over to the other end of

the Capitol Senator NORRIS, of Nebraska, will knock a home run. The bill is going to pass and there is going to be rejoicing throughout the length and breadth of this country. [Applause.] In February of this year President Roosevelt went to Muscle Shoals to inspect the properties there and I was fortunate in being invited to go with him on this trip. I will never forget the great throngs of people who gathered at Tusculum, Sheffield, Florence, Decatur, Birmingham, and Montgomery, Ala., to hear President-elect Roosevelt speak or to catch a glimpse of him. The long-continued depression had left its effects on the appearance of our people and, although thousands of them were poorly clad and have not had sufficient food, yet I could see a spirit of new hope and encouragement in their faces as we passed through the immense crowds. At each place when President Roosevelt said that he was going to put Muscle Shoals to work there was loud cheering and clapping of hands. Our people realized that when he puts Muscle Shoals to work this means that men will be put to work.

When Henry Ford made his offer for the development of Muscle Shoals properties it would have meant a great deal to Muscle Shoals and the immediate section around it. The development of the Muscle Shoals properties by President Roosevelt has an even more far-reaching effect. It means the operation of the nitrate plants for the development of nitrate in time of war and fertilizer in time of peace. It carries with it the idea of reforestation, the reclamation of lands, and embraces the building of Cove Creek Dam, which will double the primary power at Muscle Shoals, thereby virtually doubling the value of Wilson Dam and the nitrate plants. It involves the development of all the power possibilities of the Tennessee. Engineers have estimated that between four and five millions of horsepower can be developed in this area. This will mean cheaper power for several million of people in 7 or 8 Southeastern States. It also means the restoration of farm values in these States, which means the return of prosperity. It will bring new industries into these States, which will give employment to hundreds of thousands of people and create pay rolls. The people employed in these industries will in turn be able to buy the farmers' products.

There are those who criticize this measure because they say it places the Government in business, and I will answer this criticism by replying that the Government is already in business. Millions of dollars have been spent by the Government for carrying air mail, millions more have been loaned to the railroads, to the banks, and even the farmers to help them buy seed and equipment to make a crop. Therefore it can truly be said that the Government is interested and engaged in the airplane business, the banking industry, the railroad industry, and in agriculture.

Another criticism is raised to this bill by saying that it will destroy the properties of the power companies. I do not think that it will do this. The consumers of hydroelectric power and electricity have greatly decreased in the past 3 years, and if prosperity does not return to our section, it will continue to decrease. I think the development of Muscle Shoals will restore prosperity and enable our people to buy and use the power from the private power companies, whose rights have to a large extent been protected by the bill as amended, in regard to transmission lines. It may be that there will be some losses in stocks and dividends, but practically all stockholders throughout the Nation and world have suffered severe losses in the past 3 years.

I look upon the power in the rivers as I do the sunshine, air, and the water of the seas and oceans. It is a right that is inherent to our people and should be used for the welfare of all the people and not in the interest of a few.

The merchant, the school teacher, the preacher, the lawyer, the doctor, county, municipal, and Government workers have all had to take lower prices for their products, goods, and services during the past 3 years; and they have had to pay practically the same thing for their gas bills, their telephone bills, their electric bills, their railroad fares, interest on money, and for most manufactured products.

The Hydro-Electric Power Co. of Ontario sells power at 1½ cents per kilowatt-hour, while the people of Alabama are paying 4½ cents per kilowatt-hour for power. Eighty-five percent of the farmers of the Nation do not have electric power on their farms. No one can deny that if power was cheaper thousands of farmers throughout the Nation would be using it. The rural sections offer the greatest need for the development of hydroelectric power. The towns and cities are fairly well developed along this line. The production of cheap hydroelectricity will extend development into these rural sections. Business at this time is practically at a standstill, for the farmer is receiving less than cost-of-production for his cotton, corn, wheat, livestock, and other products. This means that the factories throughout the Nation are either shut down or running only part time. Either one of two things is going to happen: We are either going to have to receive a better price for our farm products, and labor will have to get better pay and more employment given, or our gas rates, electric rates, hydroelectric rates, freight rates, telephone rates, and most of our manufactured products and city, county, State, and National taxes must be cut in half. The passage of this bill will cheapen power rates. The passage of the farm-relief bill will increase the price of the farmers' products and at the same time cause inflation, which will cheapen money. I am, therefore, supporting these measures with the hope that they will aid in restoring prosperity to our Nation. [Applause.]

Mr. JAMES. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, last week we considered a farm relief bill that had been sent to us by brain trust no. 1. That bill provided for restriction of production of agricultural commodities of which there is a surplus.

Today we are considering a bill that has been sent to us by brain trust no. 2. The purpose of this bill is to stimulate production.

You gentleman realize that if this legislation is carried through to fruition you are going to impose a burden upon the American people that will run into the hundreds of millions of dollars, not tens of millions as has been stated?

What right have you to assess the people of Minnesota in order to provide the people of Alabama and Tennessee with cheap power? [Applause.]

Do you wonder we have had but three Democratic administrations in 72 years? We always have such ill-advised extravagances as these when we have a Democratic administration.

We have already put over \$120,000,000 into Muscle Shoals and now you want us to put in another two or three hundred million dollars. I want to ask you if it is honest to assess the people of the North to develop a project that is purely local. The gentleman from Missouri [Mr. DUNCAN] says his community will not benefit one iota from this legislation and yet he lives within 500 miles of Muscle Shoals.

Mr. ALLGOOD. Tell us about Boulder Dam. Did the gentleman vote for that?

Mr. KNUTSON. I voted against Boulder Dam.

Mr. ALLGOOD. But the Republican Party was in power when that legislation was passed.

Mr. KNUTSON. I do not care whether it was or not, it was dishonest, just as dishonest as this. Why should Uncle Sam assess all the people to do for localities the things they should do for themselves? Why do you not come in here and ask us to give you Muscle Shoals? We will gladly give it to you, lock, stock, and barrel. We will give you a quitclaim deed to it and turn over to you every dollar that we have already put into it. [Applause.] That would be the cheapest and best way out of a foolish, wasteful, and expensive venture.

Mr. McSWAIN. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, this bill has some good features and I should like to support it, of course, in the hope that when it got over in the Senate the Norris bill would be substituted to carry out the program of the President

for the operation of Muscle Shoals and the development of the Tennessee Valley. But the bill is not acceptable in its present form. Senator NORRIS is opposed to it, and I expect to offer a motion to recommit and substitute the Norris bill.

I live closer to Muscle Shoals than any other man in Congress, with the exception of two. This great project is capable of producing hydroelectric power that will exceed in amount the physical strength of all the slaves freed by the Civil War. This may give you some idea of its vast magnitude.

My idea is to use this power to experiment in the production of fertilizer, and to send the balance of it pulsing through this country to give the American people hydroelectric power at something like what it costs to produce it and to free this great project from the implacable grip of the Power Trust that has prevented the development and operation of Muscle Shoals for, lo, these many years.

Since my time is limited I want to point out one or two instances where I think this bill is faulty, if not vicious.

In the first place, it limits the President in his great program to develop the hydroelectric possibilities of the Tennessee Valley, in throwing about the building of future dams restrictions that will enable the Power Trust to step in with injunctions and other interferences and hamper the development of these projects in the years to come.

Again, this bill, instead of giving the Government the outright privilege and power to build power lines to deliver this hydroelectric power to the ultimate consumer at something like what it costs to produce it, will hamper, and greatly hamper, the Government in this particular by bringing into the matter the provision relative to purchasing or leasing hydroelectric-power lines from these companies on whose watered stock we are now paying exorbitant light and power rates. They have sold this watered stock to news papers throughout the country for propaganda purposes. They have sold it to lawyers, bankers, and business men who were formerly highly in favor of the Norris bill in order to develop a wave of propaganda against government operation of Muscle Shoals.

I introduced the Norris bill in the House and am offering it in my motion to recommit in the hope that we can get it substituted for the present measure.

Let me lay down now, once for all, my policy on the hydroelectric power of this country. I regard it as a natural and a national resource, just as much as the surface of the seas or the navigation of our rivers. I believe it should be used for the benefit of all the people.

If the Norris bill is enacted, I believe it will be the greatest step ever taken in this direction. It will be the beginning of a new national policy—the Roosevelt policy—that will give us hydroelectric power to turn the wheels of industry to transform our raw materials into the finished products, give us hydroelectric lights in every home, and will permit the installation of machinery to lift the burden of toil from every man and every woman, from the laborer in the factory to the housewife who now bends down over the washtub doing the most menial work, almost, known to man. Besides, the Norris-Rankin bill is in accordance with the President's views, and the President's views cannot be reconciled between these two bills. If he is for this bill, he can hardly be for the Norris bill. If he is for the Norris bill, as I understand he is, then the provisions of this measure must be unacceptable to him. I am sorry the Rules Committee gave this rule to shut off debate and deny the Members of Congress the right to offer amendments. [Applause.] Under this rule I could not offer the Norris bill as an amendment, but I am going to offer to substitute it on a motion to recommit. I hope you will all support that motion and help to substitute the Norris bill. Then the Senate will pass it and the administration will get behind it and help to give us this great piece of constructive, progressive legislation, which will be worth more to the American people than any other measure of its kind ever passed by the American Congress. [Applause.]

Mr. JAMES. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Speaker, in my own time I want to ask the gentleman from Mississippi [Mr. RANKIN] if he can really inform the House as to whether the administration is backing the Norris bill or the so-called "Hill bill"?

Mr. RANKIN. My information is that the administration is backing the Norris bill. I do know that Senator NORRIS is opposed to the bill now before the House, and I understand Senator NORRIS and the President are in thorough accord.

Mr. GOSS. There is no doubt in the gentleman's mind about that and the gentleman introduced a companion bill to the Norris bill in the House?

Mr. RANKIN. I introduce the Norris bill "verbatim, spellatim, punctuatim." [Laughter and applause.]

Mr. McSWAIN. I do not know whether the gentleman from Mississippi has talked with the President or not, but I talked with him for 4 hours before we wrote one line of the bill, and his secretary telephoned me Saturday afternoon that he relied upon us to work it out for the best interests of the country. When the bill comes from the conference the gentleman will see who represents the views of the President.

Mr. JAMES. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Speaker, when I came to Congress in 1915 the lobby which is responsible for the Muscle Shoals project was working hard. They took advantage of the war situation, and, greatly to my surprise, one morning I found that the chief farm leader from my State was advocating Muscle Shoals development as an aid to the farmers in the United States. Up to that time it had been nothing but a power proposition.

The lobby became aware of the fact that they could not get that as purely a power promotion, so they sold the idea to the farmers to insure cheap nitrates for the manufacture of fertilizer. The farmers have been farmed on Muscle Shoals. [Laughter.]

I want to say to you Members who may not have been here at that time that this proposition has been a creation of the lobbyists, and I want to ask now the chairman of this committee whether or not he can assure me and other Members that this power project created with Uncle Sam's money and transmitted to the consumer at his expense is not going to be sold to Henry Ford and the Du Pont interests and the Canadian power interests?

They are the people who have been lobbying for the development of this power proposition, and I want to know definitely in regard to it. They are supposed to be shut out under this bill, but I want to know if they are shut out, because if they are not, if they are behind this and are getting now in this bill what they have so long been working for this legislation should be stopped.

Mr. McSWAIN. I want to say that the authority will be in the hands of three citizens appointed by the President and confirmed by the Senate. They will administer the duties provided in the bill. Nobody can say that the power will not be sold to Henry Ford or the Du Pont interests or anybody else.

Mr. McFADDEN. That is just it. The gentleman has been here long enough to know how members of these boards are appointed. The power interests of this country always get what they want. I want to know if they are going to get it in this bill.

Mr. McSWAIN. I know how they were created during the previous administration, but we are going to have a new deal now.

Mr. McFADDEN. I am glad to hear the gentleman say that it is a new deal. Up to this time it is not in evidence that there is a new deal. Now, these are vital things in connection with this legislation. [Applause.]

[Here the gavel fell.]

Mr. JAMES. Mr. Speaker, I yield 8 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, I have served in Congress a little bit over 16 years, and during that time various measures have been brought before Congress for the purpose of dealing with this problem.

But I want to say to the House that never have I seen a measure brought in here that dealt with it on its merits. The first bill that was brought in suggested a lease to Henry Ford and had no provision in it which could be enforced as to anything required to be done by the lessee. From that time on various bills have been brought in, and all of them have been tied up with such restrictions that the property could not possibly be leased, or else they were on such a basis that it could not possibly be operated properly. What do we do when we reach a situation in industry or anything else when we have a surplus of factory space or a surplus of power? Do we go ahead and build more, or do we stop? This bill can result in an expenditure of \$1,200,000,000. Is that why we cut our employees and the veterans \$600,000,000? Is that why we started out on our economy program? Is that why we laid out a structure upon which to get a return to prosperity, only to smite it down and cut the legs from under it with some such bill as this?

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. TABER. Yes.

Mr. RANSLEY. The gentleman from New York was a member of the Economy Committee, was he not?

Mr. TABER. Yes. I supported the President's policy, believing that he was in good faith in his desire to cut down the expenses of the Government, but frankly I am terribly disappointed here on the authority of the gentleman from Mississippi, as I understand it, this afternoon, that the President is in favor of the bill which has been introduced in the Senate by the Senator from Nebraska, which goes twice as far as this bill goes in that it authorizes the issuance of more bonds and more construction than this does, without further action by Congress. There is not the least bit of evidence anywhere from anybody that there is a need for more power or that there is a need for more fertilizer. On the contrary, there is evidence absolutely undisputed that we have a surplus of fertilizer at this time and a surplus of power in that territory. It is the height of folly to go ahead with a Government operation at such a time and in such a place. The thing to do is to stop foolish construction now and get to the point where we are not putting any more burdens upon our taxpayers. Why should we, contrary to all economic law, go ahead and create new facilities at a time when there is no need for them and no reason for them? Why should we not intelligently lease that property to somebody to develop power and sell the power and not go ahead with further construction of a power plant when there is no demand for it, and when, if we draw industry down there, we simply destroy industry somewhere else. I beseech the Members of the House to use common sense on this program and not go ahead with the issuance of a lot of bonds and a lot of expenditure for construction which is not needed and which will be an absolutely unbearable burden upon the taxpayer. And do we propose to pay for it with dollars—and what kind of dollars—gold or printed?

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. McSWAIN. Mr. Speaker, I now yield to the gentleman from Tennessee [Mr. McREYNOLDS].

Mr. McREYNOLDS. Mr. Speaker, for the past 10 years there has been no legislation coming before this House in which I was more interested than I have been in the proper disposition of Muscle Shoals and in the development of the great natural resources of the Tennessee Valley. Many times have I appeared on the floor of this House in behalf of different measures of this character, and also before the Military Affairs Committee of the House and the Rivers and Harbors Committee of the House. I now come feeling that we will during this Congress reach our goal, and that this will probably be the last time that we will have this for consideration, because I am sure before this Congress adjourns we shall have enacted into law proper legislation

which will mean one of the greatest developments in this country. I want to congratulate you members of the Military Affairs Committee, and especially your chairman, Mr. McSWAIN, Mr. HILL of Alabama, and Mr. JAMES, of Michigan, who have been on this committee so long and who have been so vitally interested in this great question, and who have given so much time and study for its proper solution. To you should be given great credit, and the people should be very thankful for the great services that you have rendered to our section of the country.

I want to express to you my appreciation, and, I know, the appreciation of the House, of the most wonderful report that you have given accompanying this bill. You go back many years, giving the history of the different character of legislation that has been offered at various terms of Congress, the result of that offered legislation, and you cite the various planks in the different political parties which placed the Democratic as well as the Republican Party as pledged for the conservation and the development and for the use of all the people of the natural resources of the country, and that these natural resources were more likely conserved and utilized for the general welfare if held in the public hands.

The bill that is before us today for consideration, and which will be passed, is in my opinion one of the most far-reaching and wisest bills that has ever been offered for the solution of this Muscle Shoals proposition and for the development of the great natural resources of the Tennessee Valley. I say this regardless of the fact that there are some provisions in this bill to which I do not entirely agree, and there are other provisions that I would have placed in the bill if it had been my privilege to dictate the same. But I realize that all legislation involving so many great questions as this legislation does involve must be a matter of compromise. This bill provides, among other things, for the manufacture of fertilizer, which is so necessary for the farmers of the country; and if the Government is successful in manufacturing fertilizer, as provided in this bill, it will mean the saving of millions of dollars to the farmers of this country. Everyone knows their needs, and everyone knows that we can have no real prosperity in this country until we can restore the farmer to a prosperous basis.

It provides for immediate building of Cove Creek Dam and Dam No. 3, which are so necessary to the development of this section, and further gives the board, which is created under the provisions of this bill, called "the authority", the right to build other dams for the purpose of flood control or navigation, and also to build high dams, which is a combination of navigation and power dams, whenever there is a reasonable market demand for so much of the power as will yield a reasonable return on that part of the investment representing the cost of power production. Under this last provision it is very probable that the great power and navigation dam at Aurora will be built, which would give us navigation of 9 feet of water across the State of Tennessee to Pickwick Landing. Under the terms of this bill, reclamation and reforestation are included and the general development of this great section of our country. But the greatest feature of this bill is the use of the power and further development of the power at Muscle Shoals and Cove Creek Dam. The people of our section of the country are extremely fortunate that we are in a position for this great development, and we are in this position because of the fact that from 1922 to 1930, during different years, we spent as a whole something like \$1,000,000 in a complete survey of the Tennessee River and its tributaries. This survey is the most complete that has been made in any section of our country. It includes the various dam sites and the possibility of such dam sites for electricity throughout this section. It includes a general survey of all of our natural resources, such as minerals and timber. It includes the losses that are occurring on account of the flood situation. It shows what constructive work is necessary to be done to give us navigation of 9 feet of water from Knoxville to the Ohio River. It shows the number of people that live in the different sections, also railroads and public high-

ways. It shows that all these developments along the lines of electricity might be manufactured to the extent of some 4,000,000 horsepower, and the figured growth of our section of the country as to utilization of this power. I say that on account of our having procured appropriations from the Federal Government for many years we are able to lay this picture of the possibilities of our Government before Congress and before the President of the United States and ask for its development. The power at Muscle Shoals, insofar as its complete use, has been lying idle for many years. Only part of the power that is now produced at that great dam has been sold to the Alabama Power Co. at the rate of 2 mills per kilowatt, and every attempt of legislation for many years to put this dam to its full use, and thereby give the people of the South the benefit of cheap fertilizer and cheap power, has met with stubborn opposition which has been fatal to our legislation up to this time.

I have always advocated before the committee, or before this House, or wherever I might be, the building of Cove Creek Dam, because I felt that it was the key to the development of the great natural resources of the Tennessee Valley. I am delighted that this bill provides for the building of Cove Creek Dam and that it will be commenced at once. It is important, first, on account of navigation; secondly, on account of the increase of the horsepower and making many dams available and the decrease in the cost of horsepower; and, third, flood control; and I might add further, in the language of the Chief Executive, fourth, reclamation; and, fifth, reforestation. I shall discuss briefly these first three propositions.

The people of my section are greatly interested in the navigation of the Tennessee River. The proposed Cove Creek Dam is situated some 350 miles above Muscle Shoals in east Tennessee, some 150 miles above Chattanooga on the Clinch River. The building of Cove Creek Dam will amount to a storage of something like 3,000,000 acre-feet of water. The building of this reservoir alone will increase in navigation at various sections of the main stream 150 percent of its natural flow during low water. From Clinch River to Chattanooga the increase will be 1.5 feet; from Chattanooga to Hales Bar, 6 feet, as it now is; Hales Bar to Widows Bar, 1.6 feet; from Widows Bar to Gunter'sville, over 2 feet; and this increase is carried on down from Rivington to Paducah of 2 feet. This may seem a small amount, but considered in connection with the dams that will have to be built under the navigation project, to make the stream 9 feet of water, it is an immense saving in cost and makes our possibilities of navigation more certain. I might add right here that General Brown, Chief Engineer of the War Department, has already recommended the navigation of the Tennessee River to 9 feet of water from Knoxville to the Ohio River, and the estimated cost at \$75,000,000. This provision has been endorsed by Congress, and with the dams that have been built and that are being built, we hope some day to see the project completed. So from this you can see the great benefit to be derived to navigation from the building of this dam. The engineer's report shows that the increase in horsepower of all dams below Cove Creek would be from 100 to 110 percent; and if I remember correctly, the Government will get the benefit of horsepower at Muscle Shoals of 124 percent, which will not only increase the horsepower of these various dams but will decrease the cost of horsepower which will make the dam more inviting and shall give the public the benefit of cheaper electricity, which would mean the rapid growth and the development of our section of the country. As an illustration of the decrease in the cost of horsepower, let me cite the figures of the Government engineer for two places below Cove Creek Dam to construction cost per horsepower without benefit of storage at Cove Creek: At Whites Creek, \$1,464; with storage, \$366; dam site of Chickamauga, just 4 miles above Chattanooga, Tenn., construction without storage, Chickamauga, \$777; with storage, \$262. This not only increases the horsepower and decreases the cost of the horsepower but makes other dam sites available along this river. Anyone who makes any study of this whatsoever can

see the importance of Cove Creek Dam construction, and the Government will hereafter reap great revenue from the increase of horsepower on the various dam sites along this river and from the decrease in the cost of the same. Heretofore the Tennessee River project, from Muscle Shoals to Cove Creek, has been considered as one project, and the report of our numerous dam sites and the development of power to be had was based on the construction of Cove Creek Dam, and I might add that \$180,000 has been spent on the survey and borings at Cove Creek.

I am glad that this bill considers all these projects from Muscle Shoals to Cove Creek as one project and one great development to be made by the Government. No private interest could or would make this great development, and these great natural resources should always be held and controlled by the Government of this country for the best interest of its people.

The third proposition in connection with the importance of building Cove Creek Dam is flood control, which affects all of the Tennessee Basin below Cove Creek and even into the Mississippi River. It is estimated that the damages caused by the December 1926 flood along this river was approximately \$2,650,000, and engineers further state that the total damages caused by 500-year floods on main streams and navigable tributaries are approximately \$14,350,000, but that the average annual damage from all floods is \$1,780,000. This does not include indirect damages such as loss due to interrupted travel and business, insanitary conditions, and spread of disease due to overflow of towns, depreciation of land due to overflow which is difficult to assess. The estimated damages to Chattanooga, my home city, in 1926, were \$600,000, so much so that the city of Chattanooga has figured on levees for its protection, which would mean an expenditure of millions of dollars. The engineer's report shows that the building of Cove Creek Dam will decrease the high-water mark in my city 15 percent. In other words, if a flood should reach the height of 40 feet under present conditions, with this dam built it would only reach the height of 34 feet, and it is this extra 6 feet that usually does the damage to our city. If the two dams above Chattanooga, on the Tennessee River, were built with 10 feet surcharge, there would be no floods in our city. I cite this to show the specific instance wherein this Cove Creek Dam would be of great benefit and save millions of dollars. I think you can see from this brief statement the great and vital interest that the people in our section have in securing the building of Cove Creek Dam for navigation purposes, for the development of our power dams, and for flood control. Consequently, I am happy over the fact that this bill provides for the building of Cove Creek Dam and for the immediate beginning of the construction of the same. It will mean much also in its construction at this time to the relief of thousands of those people who are unemployed.

This bill also provides for the building of transmission lines from Cove Creek to Muscle Shoals in case proper arrangements cannot be made with the power companies for the transmission of the power or if it does become necessary for them to condemn power lines.

I am very much surprised at the many letters I have received from my section wherein stockholders of the Tennessee Power Co. are very much disturbed over the building of these power lines, or the leasing of these power lines, with the fear that it will work detriment to their holdings. If the power companies of our section will cooperate with the Federal Government in the development of these great projects as they should, I predict that private property will not in any wise be injured, but their holdings will be improved; that thousands of people will come into our section on account of this great development; that new industries and new factories will spread throughout the Tennessee Valley, which will more than use the developments not only made by the Government but by the power companies themselves.

We are wonderfully blessed with our natural resources and with the great people who are interested in the development of our section of the country, and I am glad to say and to know that we have in the White House at this time

a great President, who looks at matters of this character from a national viewpoint and who has approved of the development, the growth, and protection of the natural resources of the great Tennessee Valley, and it is the duty of the people of this great section to render him every cooperation within their power toward carrying out this program and reaping the benefits of this great development. The people of the South should be duly grateful, and, as the representative of the people from my section, I know that they are appreciative. I know that they are ready and anxious to render every aid in carrying out this great program, feeling that it will mean more to our section than any legislation that has ever occurred in the history of this Government. [Applause.]

EXTENSION OF REMARKS

Mr. BLACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a letter I received from the Secretary of State regarding the recent press censorship bill.

The SPEAKER pro tempore. Is there objection?

Mr. GOSS. I reserve the right to object. Is the gentleman going to get any more letters?

Mr. BLACK. Oh, the gentleman expects to get many more letters and to make many more inquiries.

Mr. GOSS. I mean from other departments.

Mr. BLACK. Only time can tell about that.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. BLACK. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter addressed to me by the Honorable Cordell Hull, Secretary of State, relative to censorship of the press:

DEPARTMENT OF STATE,
OFFICE OF THE SECRETARY,
Washington, April 21, 1933.

Hon. LORING M. BLACK, Jr.,
House of Representatives, Washington.

MY DEAR SIR: Answering your letter of the 12th instant, requesting information as to the genesis of H.R. 4220 to the extent that any person in the State Department was connected therewith, I would say in reply: When I assumed my present official position at the State Department, I soon learned that certain individual acts of interference with secret governmental code information in process of transmission between this and other countries, or like information in process of transmission between a government and its diplomatic mission in the United States, and the threat to make the results public imperatively called for immediate action making such publication unlawful.

I thereupon telephoned a ranking member of the appropriate committee of the House of Representatives, calling attention to this state of facts and suggesting appropriate legislation to make unauthorized publication of the particular kind of code information just described unlawful. I think I suggested to one of the attorneys in the State Department that he might well have a similar telephone conversation with a member or members of the appropriate committee of the House of Representatives, which he later informed me he had immediately proceeded to do. Some days later I was informed that a number of officials in two or three branches of the public service collaborated in the preparation of the measure against which you complain, and also that certain of its provisions were being objected to upon the ground that they infringed upon the freedom of the press.

Such effects as to the press, of course, were not remotely contemplated by myself in telephoning, nor, I am sure, were they contemplated by those responsible for the final draft of the bill in question. At any rate, I at once urged that any provisions that could possibly be construed as to the least extent affecting the freedom of the press be stricken out of the bill. There is not the slightest relationship between the protection of code information as aforesaid and the utmost freedom of the press. And, besides, my individual view is that the American public should suffer incalculable injuries in other respects before the freedom of the press should be injuriously affected to any material extent whatever. I think I have a consistent public record of 40 years in support of this doctrine.

If it is desired to ascertain in detail the genesis of the measure referred to, it would, of course, be necessary to confer with the different persons in the various branches of the Government who participated to a more or less extent in its drafting. There should be no difficulty about locating each of such persons and securing a statement based upon first-hand knowledge.

Very truly,

CORDELL HULL.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SNYDER].

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Mr. SNYDER. Mr. Speaker, I am for this bill because I see in it much relief for the farmer, the laborer, and the little business man. I am somewhat startled here today in listening to the remarks of those on the opposite side of the aisle relative to the Government's spending \$150,000,000 on the Muscle Shoals project. I do not see why they should get so excited. I did not hear of any excitement or read about any in the newspapers along about 1924, when that side of the House made it possible to give back some \$4,000,000,000 in refunds and rebates to certain individuals and interests. I did not hear of any excitement on that side of the House when the Ship of State, through the Reconstruction Finance Corporation, dropped off something like \$80,000,000 or \$90,000,000 in front of Mr. Dawes' bank in Chicago.

Up in Pennsylvania we saw the big interests come in, some 60 years ago, and cut down our forests and leave our hills barren. Some 40 or 50 years ago we saw similar interests enter our State and bore holes in the ground, taking away our coal and oil and gas, leaving the State almost bankrupt. Now we find the same type of organization taking over our utilities such as water and power facilities.

I am not opposed to corporations or big interests as such. They are necessary in our industrial activities. However, since the set-up necessary to run corporations and big business must always be made up of men—just human beings—it is necessary to have such organizations operate within certain specific limitations.

It seems to me that the banking interests and other big industrial interests are assuming unsolicited recognition when they come in here at this time to give us advice on the Muscle Shoals proposition. Most of them proved beyond a shadow of a doubt that they themselves cannot run efficiently and effectively the institutions that they set up. In other words, from 1920 to 1930 the banking interests and other big interests of the country had at their command all the money, all the equipment, and all the facilities in the Nation necessary to build a social and economic fabric that would function for generations to come. But what happened? Most of them failed! They failed to manage their own business successfully, and as a result their institutions went to wreck and ruin.

Now, ladies and gentlemen, when the people are asking the Congress of the United States to take over Muscle Shoals under the provisions of this bill and operate it in the interests of the farmer, the laborer, and the little business man, they step in and say, "Hold, Macduff!"

As I said a moment ago, I am in sympathy with big interests—especially the railroads—but until they themselves can govern themselves and operate for the common good of all humanity, I question their right to interfere with such humanitarian legislation as this bill proposes.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. JAMES. Mr. Speaker, I yield 8 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. GOSS. Mr. Speaker, before the gentleman from New Jersey begins, will he yield to me?

Mr. EATON. Yes.

Mr. GOSS. Apropos of the previous speaker's remarks, the gentleman must remember when the Government sold the Old Hickory plant at Nashville, Tenn., which cost \$90,000,000, for three and a half million dollars. I rose to tell the House that today the pay roll of that plant amounts to three and a half millions per year and that they employ 3,500 people and pay taxes of about \$75,000 a year. That is the way we disposed of that plant, and this might be disposed of in the same way to equal advantage.

Mr. EATON. Mr. Speaker, there is one ray of hope in this situation, and that is that in the dispute to which we have just listened as to which bill the President is for we may not have to vote for the Norris bill. If we have to swallow this legislation at all, I am strong for the McSwain-Hill bill as against the other, because I have never seen a Muscle Shoals bill bearing that other name which was not like the human heart, "deceitful above all things and desperately wicked."

My objections to this bill have been presented before. We have thrashed this out and got all the facts ad nauseam. We are tired. It would take a thousand volts to awaken much interest here today. There is nobody here and nobody seems to care; but I want the record straight as far as I am concerned, and as far as the party to which I belong is concerned.

In the first place, this bill is sectional legislation. The Muscle Shoals project was not built with money from those five States nor from the Tennessee Valley alone. It was built with money from New Jersey, California, Minnesota, and every State in the Union. It belongs to us all. Now, it is proposed to tax all of us in the interests of this immediate neighborhood and for the advantage of those immediate people.

The sting of this bill is in its tail, and I should like to unfold that tail to you in just a word:

Sec. 28. The President shall, from time to time, as the work provided for in this act progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin and adjoining territory in conformity with said general purposes (1) the maximum amount of flood control.

That is according to the Constitution.

(2) The maximum development of said Tennessee River and its tributaries for navigation purposes.

That is good under the Constitution.

(3) The maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin; and (7) the economic and social well-being of the people living in said river basin and all adjacent territory.

Sec. 29. That all appropriations necessary to carry out the provisions of this act are hereby authorized.

This grandiose program will involve at least a billion dollars of the taxpayers' money, used for the profit of a small section of our country, and constitutes sectional and class legislation of the most harmful character.

I congratulate the gentlemen who come from that district over their success, not from the point of view of the Nation, but from the point of view of their electorate. When you go home, your electors will say to you, "Blessed art thou, thou good and faithful servant; thou hast brought home the bacon. Enter thou into a second term, and during your second term we hope you will be able to bring home a little gravy to go along with the bacon."

Mr. McFARLANE. Will the gentleman yield?

Mr. EATON. I cannot stop now, because I want to get this thing before you.

Mr. McFARLANE. I just wanted to ask the gentleman if he was in the employ of the General Electric Co. as one of their welfare workers?

Mr. EATON. Oh, I resent that contemptible kind of attempt to hold a man up here and pry into his personal business. Nobody would do it unless he were saturated with that miserable, abominable personal-attack stuff which has been the Democratic policy and practice for the past 3 years, and especially during the recent campaign.

Mr. ZIONCHECK. Will the gentleman answer the question of Mr. McFARLANE?

Mr. EATON. Why, yes. What size shoe does the gentleman wear?

Mr. ZIONCHECK. No. 9, and I am proud of it. It is a plain answer. I do not try to evade any question. What size do you wear?

Mr. EATON. No. 10, and I am proud of it. If the gentleman's head was as big as his feet he would amount to something.

Now, that the gentleman seems to think there is something wrong with my morals and my personal relationships, it may lift the discussion into a purer air if I present a statement from Mr. William Randolph Hearst. He is the king maker of the Democratic Party. He very nearly made our distinguished and honored Speaker President of the United States, and would have done so if he had not found another

man he thought was better. Mr. Hearst has an article in his Washington paper this morning entitled "A Supine Congress." This is what he thinks about you Democrats that he has helped to put here. Mr. Hearst says:

TO THE EDITOR OF THE WASHINGTON HERALD:

I think we should have a series of editorials insisting that Congress resign and allow the people to elect a Congress which has the capacity and the disposition to perform its functions under the Constitution.

The people admire Mr. Roosevelt very much, but they admire him as a President, not as a dictator.

Congress is going contrary to the registered vote of the people, and contrary to the spirit of the Constitution, and contrary to the purposes of the founders of this republican form of Government when it shirks its own duties, abandons its functions, and turns its powers over to the President.

Mr. Roosevelt is a good President, and he might not abuse these powers; but the wisdom of the founders contemplated the possibility of a bad President, who would misuse powers which were too largely entrusted to him.

They created a Government of three coequal branches: The executive branch, the legislative branch, and the judicial branch.

They defined the powers of each, and they took pains to see that one branch should not encroach upon the powers of another.

There is nothing in the character of the present Congress to lead anyone to suppose that they have more wisdom than the founders of this Government.

In fact, the abandonment of the powers of Congress, who are the most direct representatives of the people, is not based on any worthy motive.

It is due in the main to cowardice as well as incompetence. If there is anything to be done which obviously ought to be done in the interests of the whole country, but which nevertheless might jeopardize the seat of some Congressman, these Congressmen can almost certainly be found regarding the situation from the point of view of their own interests and not from the point of view of the Nation's interests.

Consequently these Congressmen decline to do the rightful thing, and prefer instead to turn the powers of Congress over to the President, with the purpose of letting him do it and take the consequences.

A Congress of such cowardly and incompetent character is unworthy to represent the people of the United States.

It is willing, in order to save itself some onerous obligations, to try to make a dictator out of the Executive, to upset the balance of the coequal branches of government which the fathers of the Republic provided for in the Constitution of the Nation, and to establish evil precedents which may return to plague us, and possibly to destroy the democratic character of our Government, if at some future time a less worthy and less unselfish Executive should occupy the Presidential chair.

We have, in fact, the singular spectacle and the disturbing situation of a Democratic Congress which does not believe in democracy, and which furthermore does not apparently believe in the fundamental principles of republican government on which this Nation is founded.

It is idle to hope that this Congress will resign; but an amendment to the Constitution should be offered which would enable the voters to recall Congressmen who are incapable of performing properly and constitutionally the duties of their office.

WILLIAM RANDOLPH HEARST.

That is no partisan Republican talk. That is the sincere milk of the word of public opinion, delivered in person for consideration of the American people by the unmitigated and spotlessly pure guide and governor of the Democratic Party, William Randolph Hearst.

Mr. BECK. Will the gentleman yield?

Mr. EATON. I yield.

Mr. BECK. I want to say, although I hold no brief for the Democratic side, it is well known that long before Mr. Hearst wrote this, every Democratic Member at night is haunted by the ghost of Thomas Jefferson.

Mr. EATON. Well, I did not know what haunted them. I am glad it is so respectable a ghost.

While I am on this painful subject, I might as well complete the picture by adding a statement from a brilliant and penetrating critic, Mr. Arthur Krock, which appeared yesterday in that greatest of all Democratic organs, the New York Times. Mr. Krock says:

A poetic statistician has estimated that, after 49½ days in office, Franklin D. Roosevelt possesses, is seeking, and has been offered more absolute power than the sum of arbitrary authority exercised at various times in history by Generals Washington, Lee, Grant, and Sherman, Presidents Jackson, Lincoln, and Wilson and all the Emperors of the Ming dynasty. What power has been and will be granted is all technically within the framework of the Constitution. If that document has not been put on the shelf, as Alfred E. Smith recommended, it has been republished on Indian rubber to meet these unusual tests of its flexibility.

These two statements from such widely divergent sources within the Democratic ranks take on a new significance when considered in connection with the principles embodied in this Muscle Shoals bill. I have full sympathy for the devoted group of gentlemen representing the regions in and about the Tennessee Valley in their long-sustained effort to secure from the Federal Government what they believe will be of advantage to the people they represent in their home communities; but the American people as a whole are entitled to have this question lifted up out of its local relationships and considered as a symbol of a great fundamental national policy adopted by the Democratic Party now in control of our Government.

The end of the civilizing process is the freedom of man. The long struggle of the masses of men to achieve liberty has now reached its climax in what we call an economic age. It is no longer an idle dream to hope that the blighting curse of economic poverty can be lifted from the masses of men. Science has placed the scepter of dominion in the hands of man over the forces and resources of nature so that every normal human need of a material kind can easily be supplied for every human being, provided we can discover a workable method for achieving this result.

In this new age I have believed for years that organized industry is the chief instrument of modern civilization. By organized industry I mean all the activities of man in connection with the production and distribution of wealth, either as commodities or services. I have for many years been working in the great industries of this country, representing the employees. My objective has been to make American industry a real clinic in civilization. To this end I have worked to raise the wages of labor, to reduce the hours of toil, to improve working conditions, to create conditions in which the masses of workers can secure not only an American standard of living but a surplus enabling them to become part owners in American industry. In other words, my objective has been to cure the recognized evils of the capitalistic system by making more capitalists.

Up to the beginning of this depression this program was making tremendous strides in America. Now, all has been swept into the abyss of unemployment, bankruptcy, and economic and social uncertainty.

But notwithstanding the enormous difficulties apparently still beyond the power of man to solve, I am firm in the faith that the American idea of making its privately owned and operated industries the chief organ of civilization is the best idea yet conceived by man for this purpose. For this reason I am compelled to oppose in every way within my power every attempt to substitute for this American principle the Russian idea of making the Government everything and the individual nothing. Because this Muscle Shoals proposal is to this extent un-American and Russian, I shall vote against it.

A few moments ago a gentleman asked me if I was a representative of the employees of the General Electric Co. The inference implied in his question was that there was something reprehensible in holding such an office. I am proud to say that for many years I have represented the employees of the General Electric Co. and of other industrial organizations. And I am happy further to state that the General Electric Co., beyond any other institution within my knowledge, has put into practice the principles I have just outlined. In spite of the terrible conditions of unemployment affecting every industry in the land the employees of the General Electric Co. at this moment own nearly 40 millions of 8-percent bonds which they have purchased out of the savings from their daily wage. The employees of the General Electric Co. are carrying \$149,000,000 of insurance paid for partly out of the earnings of the company and the savings of the wage earners. During the past 9 years, under the company's policy, employees of the General Electric Co. have acquired 2,723 homes, representing a present value of over \$20,000,000. During 1932 company pensions and life-retirement payments of \$2,237,000 were made to retired employees, and they now hold in their pension trust assets of over \$21,000,000. And this, gentlemen, is the kind of thing

that legislation like the present Muscle Shoals bill proposes to put out of business and substitute therefor a government bureaucracy controlled by the lifeless letter of an act of Congress.

The SPEAKER pro tempore. The time of the gentleman from New Jersey has expired.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Washington [Mr. ZIONCHECK] 2 minutes.

Mr. ZIONCHECK. Mr. Speaker, I had no intention of speaking upon this question, but after hearing the opponents of the bill deliberately filling the RECORD with the private power companies' propaganda I felt impelled to state a few undisputed facts that our publicly owned and operated utility of the Northwest has proven beyond a question of a doubt. Before going into those figures I want to quote from yesterday's New York Times, page 12, entitled "Utilities to Resist Political Critics", wherein they carefully set forth that they had nothing whatsoever to do with the collapse of the Insull empire and the small bankruptcies, stating that—

Due to the importance and prestige of the Insulls it was not possible to organize rigid opposition to such practices until last year.

Inferentially propagandizing the public into the belief that every privately owned utility company is as sweet, fragrant, and pure as the lily from yon valley, except for the little speckle created by the Insull affair. The article goes on to say—

In substance, the utility leaders are not alarmed over any prospects facing them from the standpoint of earnings, rates, regulation, or any other factor, excepting Government competition.

This last statement is a very significant one, for by it they recognize that regulation is of little effect inasmuch as they can regulate the regulators. Let me give you a concrete example of why they really fear publicly owned competition:

In the city of Seattle we have one of the greatest publicly owned light and power plants in the United States. Before the city plant was started in 1902 consumers were paying 20 cents per kilowatt-hour for current. When it became evident that the city was actually going to build a municipal plant the private company reduced its rates to 12 cents per kilowatt-hour. In 1905 the city of Seattle began taking contracts under rates for residence service as follows: 8½ cents for the first 20 kilowatt-hours; 7½ cents for the second 20 kilowatt-hours; 6½ cents for the third 20 kilowatt-hours; 4½ cents for all over 60 kilowatt-hours per month.

Some weeks later the private power company reduced its rates to 10 cents for the first 20 kilowatt-hours, 9 cents for the second 20 kilowatt-hours, 8 cents for the third 20 kilowatt-hours, and 5 cents for all over 60 kilowatt-hours per month.

On July 1, 1911, our municipal plant reduced its rates to 7 cents for the first 60 kilowatt-hours and 4 cents for all over 60 kilowatt-hours, and this reduction was met by the private power company in November of the same year.

On July 1, 1912, the city again reduced the rate to 6 cents for the first 60 kilowatt-hours and 4 cents for all over 60 kilowatt-hours, and reduced the minimum monthly bill, which had been \$1, to 50 cents. The private power company met this reduction 1 month later.

On April 1, 1915, the city established the rate of 5½ cents for the first 45 kilowatt-hours and 2 cents for all over 45 kilowatt-hours, which rate the private power company met soon thereafter.

Effective since June 1, 1923, the present residence rates are 5½ cents for the first 40 kilowatt-hours, 2 cents for the next 200 kilowatt-hours, and 1 cent for all over 240 kilowatt-hours, and in conformity with the wishes of the people of the city of Seattle our municipal plant gave very marked reductions to industrial plants building their factories in our city, which was subsequently met by the private power company. Today the average domestic rate for the Seattle municipal plant is 2.83 cents per kilowatt-hour, which is 48.21 percent of the Nation's average of the domestic current used in the United States, which is 5.87 cents per kilowatt used in 1930 according to the Electrical World (Jan. 3, 1932). If the domestic electric light and power consumers of the city of Seattle paid the average domestic rate effective

tive throughout the Nation for the power which they use, they would pay \$10,525,000 more than they now pay. It is indisputable that this amount is an absolute saving to the Seattle citizens on account of their City Light plant of a sum equal to their total city taxes. To preclude any question about the good faith of the private power company, allow me to state that the light and power rates outside of the city limits of the city of Seattle are 50 percent higher than the rates within the city limits, and this for the reason that City Light has been precluded until recently from selling beyond its municipal boundaries.

In the city of Tacoma, which is located 30 miles from the city of Seattle, they own their own light and power utilities and have no private power company within the city with which to compete, thus avoiding duplications of distributing systems and other incidentals. Because of this publicly owned monopoly Tacoma is able to sell its electricity to its consumers for approximately $33\frac{1}{3}$ percent less than that of Seattle. Here are the city of Tacoma's residence rates for lighting, cooking, and heating: $4\frac{1}{2}$ cents for the first 20 kilowatt-hours, 1 cent for the next 800 kilowatt-hours, one half of 1 cent for all over 820 kilowatt-hours.

I think that the foregoing figures speak for themselves and do not require any further comment.

It has been stated that the private power companies in Alabama and in the vicinity of Muscle Shoals have a vast surplus of power which they are unable to dispose of. The answer to this is that their rates are so high that the people are unable to buy the power which they produce. Reliable figures show that the average domestic consumer in that territory uses on an average of 50 kilowatt-hours per month, whereas in the city of Seattle the average is 116 kilowatt-hours per month, and in the city of Tacoma, with its lower rate, the average consumer uses 122 kilowatt-hours per month. I only bring these figures in to show the fallacy of the arguments against this measure.

It is rather amusing to hear the onslaught of the opposition on the so-called "socialistic brain trust" of President Roosevelt, who sponsored this plan, for one is immediately impelled to ask who constituted the "brain trust" of the Hoover administration that created the Reconstruction Finance Corporation. Yesterday's Washington Herald carried a small article about a poor man in Brooklyn, N.Y., who requested a loan from the Reconstruction Finance Corporation in the sum of \$100—

So that he and his truck could go to work again. He agreed to repay the Reconstruction Finance Corporation in monthly installments, which made his offer self-liquidating, and he pointed out that the \$100 loan would put at least one man—himself—to work, thereby relieving the unemployment situation. And it would give an impetus to trade and commerce, for he would have to buy gasoline and supplies. But the request was much too unusual, and therefore will be ignored.

The reason that this was unusual was because all the loans made by this corporation heretofore have been made to banks, railroads, and insurance companies, which loans were made without a tremor. It is my humble belief that if the policy of this corporation would honor such \$100 requests and ignore the million-dollar requests all would be better today—at least, it could not be as bad as it is now. For the sake of argument, assume that these \$100 loans were made to workingmen, the \$3,000,000,000 fund at this institution's disposal could have created employment for 30,000,000 people, and if the loans were made in the sum of \$300 to each person they would have created employment for at least 10,000,000 people. Let us see what has actually happened. At the time the Reconstruction Finance Corporation was launched there were approximately 9,000,000 people out of employment.

They have now made loans in the sum of approximately \$2,000,000,000 "to create employment" and today we have 14,000,000 unemployed. This is a perfect example of the manner in which the capitalistic communism of the Hoover regime works. Why even Russia would not stand for such a thing, and yet the opponents of the Muscle Shoals bill almost to a man voted for that measure.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. I shall be glad to.

Mr. McGUGIN. I did not vote for the Reconstruction Finance Corporation. Is Mr. Roosevelt using it?

Mr. ZIONCHECK. Then the gentleman must have been absent when the measure came up, because he usually votes for every reactionary measure.

Mr. McGUGIN. Is Mr. Roosevelt still operating the Reconstruction Finance Corporation? Is he still taking advantage of that loan?

Mr. ZIONCHECK. We will try to fix that very soon. Anyone will recognize that you cannot make an abrupt change and it is always easier to keep a horse from falling into a well than pulling him out after he has fallen in.

I am not in full accord with the provisions of the bill before the House, and were it not for the very strict gag rule under which it was introduced I would offer amendments to this measure which would conform more closely to Senator NORRIS' plan for Muscle Shoals, but in view of the parliamentary situation I shall vote for the measure in the hopes of expediting matters and getting it over to the Senate where I hope it will be made a more perfect bill. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Michigan [Mr. WEIDEMAN] such time as he desires.

Mr. WEIDEMAN. Mr. Speaker, we have heard this bill opposed and attacked on the ground of sectionalism. I am from a district which cannot be helped at all by this bill. I am also interested in removing the tentacles of the Power Trust from the natural resources of the country; and knowing this to be a step in that direction, I shall vote for it.

For over 100 years there has been a movement to secure the natural resources of Muscle Shoals for the benefit of the Nation. I firmly believe that all natural resources of this country should be protected and developed for the people at large and kept under their immediate control. The Power Trust of this country has too long held the great mass of the people in subjugation.

I am not so interested in what becomes of the Alabama Power Co. or any other power company, but I am interested in preserving for the Government those resources that naturally belong to it. We have been under the control and domination of the Power Trust, which, in turn, is controlled by the international bankers, for too long a time. Now is the time to remove those shackles of control from our Government so that the people will benefit from the operation of Muscle Shoals and other natural resources, rather than a few coupon clippers of Wall Street.

I want to compliment at this time the valiant fight made by the gray-haired Senator from Nebraska [Mr. NORRIS] and the gentleman from Alabama [Mr. ALMON], who have been unrelenting in their determination to secure the passage of this bill.

In addition to the war-time value of this project, providing for the manufacture of nitrogen, another great benefit will be production of fertilizer at a cheap rate to be used by the farmers throughout the country.

In 1928 a bill concerning Muscle Shoals was passed by Congress and it received a pocket veto at the White House. In 1930 a similar bill received the veto of President Hoover, and it is with extreme gratitude that I am sure our Democratic Congress and Democratic President will now give to the country the control of part of its natural resources they have so long fought for.

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Washington [Mr. KNUTE HILL] 2 minutes.

Mr. KNUTE HILL. Mr. Speaker, they say that Muscle Shoals is a dream. What a magnificent dream it is! Thank God for dreamers! Had we not had dreamers we would have had neither music nor art, invention or discovery, development nor progress, no civilization at all.

The dreamer Columbus made possible the New World. The dreamers, the Wright brothers, made possible the conquest of the air.

At the beginning of the last century there sat in the White House a dreamer, Thomas Jefferson. He was also a prac-

tical statesman. He had a dream about the Louisiana Territory. He purchased it, and we have carved out of this territory the splendid States between the Mississippi Valley and the Rocky Mountains, a domain worth thousands of times more than the purchase price. He had another dream and saw the possibilities of the Oregon country. He sent Lewis and Clark to explore this region, and as a result we own the great Northwest, from which I have the honor to come. Even so great a statesman as Webster was blind to the possibilities of this region, designating it as the "American desert" and declaring that representation in the Congress from across the mountains would be an impossibility.

In 1867 another dreamer, Secretary of State William H. Seward, purchased Alaska. He was ridiculed far and wide, and this region was called "Seward's ice box." It has already paid for itself tenfold. You Members of Congress do not know what is stored in this "ice box" in the shape of coal and other minerals, valuable timber and fisheries, agricultural lands and limitless power resources. Some day the empire of Alaska will be understood and its wonderful possibilities become a reality.

We have another dreamer and practical statesman in the White House today, Franklin D. Roosevelt. He has a dream contemplating the development of the stupendous water-power resources of our country for the benefit of all of its citizens. We are living in the electrical age and its blessings should be distributed equitably among all of the people, as they are all common inheritors of this great resource provided us by a bountiful nature.

His plan is fourfold. He is going to complete the Muscle Shoals project to serve the great Southeast. Then on to Boulder Dam to serve the great Southwest and parenthetically I want to emphasize that it is Boulder Dam. I refuse to attach to this great project the name of one who has fought Government ownership and operation for a decade or more. Thirdly, the Government will develop the St. Lawrence-Great Lakes waterway to serve the great Northeast. Lastly, will come the the great Columbia River in which, according to reclamation and Army engineers, reposes the greatest potential water power of all of the great valleys of the United States. I am proud that I come from that valley, and I am proud that I come from a State which contains one sixth of the potential water power of the whole United States within its borders.

We are vitally interested in the President's plan of developing all this water power, also for the purpose of flood control, irrigation, and navigation.

The statement has been made here that there is an overproduction. This has not been the case nor is it the case today. It is a matter of underconsumption. There will never be too much food until all the starving are fed. There will never be too much wool and cotton until all are comfortably clothed. There will never be too much fertilizers until all the worn-out farms are restored to normal fertility. There will never be too much power until every cottage in every hamlet and on every hillside has electric power and electric lights. The trouble has been and is that the purchasing power of the farmers and laborers has been destroyed. Restore this as the President proposes to do and bring down the prices of fertilizers and power to a cost-plus basis and all the proposed power and fertilizers will be consumed.

We know full well the sinister activities of the Power Trust in our State. They are on a par with Insull of Illinois. They spread propaganda against public ownership in our schools from the grammar grades up. They bribed college professors at \$25,000 per year—in addition to their salaries—to spread their poison in universities all over the country. They subsidized the public press, especially the country newspapers, throughout the United States to carry their syndicated articles. This has been exposed by the Federal Trade Commission. Another trick of the industry has been to have their valuation for rate-making purposes about 10 times the valuation for taxing purposes.

The great purpose of this Muscle Shoals development is to establish a yardstick for the cost of production which will

serve throughout the United States. Of course, it will be competition, and that is what we need. In Seattle and Tacoma municipal ownership has brought the prices down from 20 cents per kilowatt, when municipal ownership started, to about 2 cents per kilowatt. The private companies can sell at that price in those cities and still make a profit. But over in the Yakima Valley, where they have no competition, they have charged us from 8 cents to 12 cents per kilowatt. They have reduced their prices now, because the people enacted by initiative a power bill permitting the organization of power districts throughout the State, and the legislature enacted a law permitting Seattle and Tacoma to sell outside of the city limits. J. D. Ross, of Seattle, told me a week ago that Seattle could and would consider the proposition to sell in the Yakima Valley. Regulation has never brought down rates. Competition will. You are all familiar with the rates in Ontario, Canada, and those in New York across the Niagara. Power is developed from the same river. In Ontario, under public ownership, it costs about 2 cents per kilowatt, and in New York, under private ownership, it costs about 7 cents per kilowatt. Naturally the residents of Ontario use many times more electricity than those in New York. The voters of the State of Washington knew Governor Roosevelt's record on power in the State of New York. They knew his stand on the question from his speech at Portland. This explains the tremendous vote he received in that State last November. We rejoice that we have a dreamer and a practical statesman again at the other end of Pennsylvania Avenue who not only knows what the people want but has the courage to make his dreams come true.

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri [Mr. LEE.]

Mr. LEE of Missouri. Mr. Speaker, I was considerably amazed at the remarks of the gentleman from New Jersey [Mr. EATON]. I do not know why he would not answer the question of the gentleman who asked him whether he was in the employ of the Power Trust. I do know, however, that the Power Trust has employed every crook in this country, including ministers of the gospel; and, besides, I know they have gone into the colleges and public schools of our country and put their own poison propaganda in them, had our own textbooks taken out, textbooks which gave both sides of the subject and let the student draw his own conclusions. [Applause.]

Now, to the gentleman from New Jersey [Mr. EATON], who talks about sectionalism, may I say, you Yankees over in New Jersey and Massachusetts have post-office buildings worth \$200,000. Down South we have cities with five times the population of your cities renting little buildings for \$10 a month for post-office purposes. For 12 years the South has suffered from your party's having everything its own way. You have drained out everything we had. But today your numbers are few and you will be mighty lucky if you can maintain your numbers in the next election. That is what is going to happen to you. [Applause.]

You come from districts that are solidly Republican, and you think you have to vote for the big interests of this country; but, I thank God, every decent progressive in this country has left you, and even HAROLD MCGUGIN only votes with you occasionally, and one of your own Members told me they would trade him off for a gingersnap [laughter], but I would not give him for the whole darned caboodle of you. Ordinarily, he has more intelligence and more integrity than most of you who sit over there. [Laughter and applause.]

Mr. McSWAIN. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Speaker, I am very much interested in this bill. I am very much interested in preserving what little we have left of our various natural resources, and Muscle Shoals is one of them.

We have heard much said here this afternoon about what this bill will do to private industry and especially to the Power Trust. I simply call your attention to this fact. For about 3 years we have been investigating the Power

Trust, and we find that this trust has practically destroyed government in the United States of America. They have bought up our halls of legislation and corrupted our judges throughout the country until they have robbed the people blind. They have taken from us everything.

We have right in my State, in the city of St. Paul, a dam built by the United States Government known as the "Ford Dam." For 49 years Ford has leased this power to the Northern States Power Co. for the small and insignificant sum of 2 mills per kilowatt. The power is being sold to the people of the State of Minnesota in some places as high as 17 cents per kilowatt—and this dam was built by the people's money.

If Congress wants to do something real it should protect our natural resources. We must quit turning over these natural resources to these money grabbers and to the Power Trust to be used forever as a means of extortion of generations yet to come.

We must also wake up to this fact: We have this water, the last of our natural resources—these rivers, God-given, running down hill, ready and willing always to turn out energy and electric power to give the people modern equipment in their homes—and we must protect these resources.

I hope this bill will receive the support not only of the House but of the Senate, so that we can once and for all dispose of this question and take the Power Trust out of the politics of the United States of America and make this a government of and by and for the people with respect to our natural resources. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield to the gentleman from Ohio [Mr. POLK] such time as he may desire.

Mr. POLK. Mr. Speaker, this measure providing for the use of the Muscle Shoals properties for flood control and to encourage agricultural, industrial, and economic development in the Tennessee Valley should be speedily passed. Since the cutting down of our forests, one of the greatest menaces to the happiness and prosperity of those who live along our great rivers are the constantly recurring floods. Every year in some part and often in many parts of the United States floods cause tremendous property damage, much suffering, and some loss of life.

Heretofore the efforts of the Government along the lines of flood control have largely been centered on the lower Mississippi River. For years we have poured millions upon millions of dollars into the fund for the purpose of controlling the Mississippi River floods. Most of this money has been spent in endeavoring to confine the bounds of the Mississippi River from St. Louis to the Gulf. It has evidently not been realized by those planning flood-control work that the surest way to prevent a flood in the Mississippi River is to prevent floods in the tributaries of this great river. They have apparently given no thought to the proposition that if floods are prevented in the Ohio, the Tennessee, the Missouri, the Arkansas, and the other large tributaries of the Mississippi River that the flood problem on that river will be solved.

As provided in this measure we are now approaching this problem from the proper angle, namely, that of controlling the rapidity of run-off from the headwaters of the tributary rivers. This method of building dams and reforesting areas which are suitable for reforestation is the most practical and best flood-control method that has been suggested.

I wish to assure my colleagues from the Tennessee Valley that we who live in that other great river valley to the north of you, the Ohio Valley, are much interested in this problem you have under consideration here today. We are faced with the same kind of flood problems as you are. During the past century at rather regular intervals the Ohio River has rushed through its course with floods which have caused great property damage, untold suffering, and much loss of life.

I do not believe anyone who lives away from a region which is menaced by floods can realize just what a flood means. They are unable to realize the feeling of one who helplessly watches the water gradually but swiftly rising at his doorstep with the knowledge that in a few hours it will

be several feet deep in his home. They do not realize the tremendous force of such a torrent of waters which may carry away bridges and undermine roads and building foundations. They do not realize the amount of dirt and refuse which remains after the flood water has receded. Floors may be covered with an inch or more of sediment which must be quickly removed to avoid greater damage. Streets of towns and cities are littered with dirt.

We in the Ohio Valley are vitally interested in this problem. We hope that the next step in flood control will be the building of dams at proper places in the tributaries of the Ohio River, the building of retaining walls along the water fronts of our towns and cities, and the reforestation of marginal lands, thereby slowing down to some extent the rate at which rainfall runs off the land.

Surely there never has been a better time to do this flood-control work than now with millions of unemployed men and building costs at a lower level than usual.

I hope that our friends from the South and West and other parts of the country will join with those of us from the Ohio Valley States in the support of measures looking toward flood control on the Ohio and its tributaries. [Applause.]

Mr. McSWAIN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, it seems strange that one who has been working on this measure as long as I have, and as long as the distinguished gentleman from Michigan [Mr. JAMES] has, should have to explain to anybody under the sun that our views are uninfluenced and unaffected by any power under heaven, such as the Power Trust or the Fertilizer Trust, or any "brain trust" from anywhere.

Of course, it is a source of deep regret to me that my good personal friend, Mr. JAMES, for some reasons that he will doubtless explain, cannot go all the way on this measure, but I will not permit that to prevent me from repeating what I have often said as to this project—it is immaterial where it is located—as a project for national defense, for the development of a great national resource of power, and for the improvement of a great interstate highway for navigation and for the control of the flood waters of the Mississippi and of the Ohio and of the Tennessee Rivers; and this man FRANK JAMES has rendered service that I am proud to testify to, which has preserved to this Nation this Muscle Shoals project through all these years.

Why should a man apologize to anybody under the sun for having honest convictions about how business projects ought to be carried on? Why, I have introduced at this session of Congress two bills on Muscle Shoals. On the 9th of March I introduced the first bill that proposed to call the corporation that should be created the "Tennessee Valley Authority." I set up in that bill my individual views about how this project should be developed.

Then, after we had conferred with the President, I introduced another bill, which was H.R. 4559, identical with the bill introduced by the gentleman from Alabama [Mr. HILL] and the gentleman from Alabama [Mr. ALMON]. These bills represented in principle, along with Senator NORRIS' bill, not identical as to words, the views of the President of the United States.

It is not improper for me to say that when my friend, Mr. NORRIS, and I conferred with the President he said to us, "You gentlemen draw the bills that you think represent our collective views that we have been expressing here"; and it was never understood or contemplated that the bill that would be introduced by myself or Mr. HILL and Mr. ALMON on this end of the Capitol would be identical in every particular respect with the bill to be introduced by Senator NORRIS.

Now some gentlemen come here and say that because this bill, which is the result of the work of 25 patriotic citizens, has not got the label of a certain distinguished gentleman at the other end of the Capitol they regretfully say they cannot support it with a whole heart, but must vote for it under what they describe as a "gag" rule.

This bill as worked out in committee, which received valuable suggestions from some able men who signed the mi-

nority report, is, in my judgment, the best bill ever brought here on Muscle Shoals or the Tennessee Valley.

Why do I say it? Because the whole project in this bill is on a business basis. It says that after the Cove Creek Dam and Dam No. 3 shall have been built—and here let me say parenthetically that everybody admits that the Cove Creek Dam not only ought to be built but it ought to be built by the United States Government in the aid of navigation and flood control. Even the gentlemen who appeared before the committee representing the interests of the power companies themselves said that when there should be a demand for power the Cove Creek Dam ought to be built and ought to be built by the Government, as a great governmental project, because private interests would never be able to build that and because private interests ought not to control it.

And when the 2 dams are built the Cove Creek Dam will double the primary power of every dam on the Tennessee River, and there are 11 or 12 of them. So when the other power projects are to be built, the President of the United States, on the advice of the Engineer Corps, will say how much of the dam is to be allocated to flood control, and how much to navigation, and the remainder represents power. I say that in building these dams and selling the power to be produced by them, would not business men dealing with their own affairs go about it in a businesslike way? I am Scotchman enough to believe that when gentlemen are doing business for the Government they ought to do it in a businesslike way.

Then as to the transmission lines. What is wrong with the provision in this bill that before the Government shall contract for the erection of transmission lines, at a cost of perhaps eight or twelve thousand dollars per mile, it shall say to the power companies owning parallel lines, "Now, Mr. Power Company, it is not the design that this investment shall be duplicated; if you will let us have your power line, for which we are willing to pay rent, or if you will sell us the power line at a fair price, we will take it off your hands." That is all that part of the bill means. Is not that business? Would the United States Government build one canal right alongside of an existing canal, or would it build one railroad alongside of an existing railroad or establish a ship route right alongside of an existing ship route? No. This bill putting the power into the hands of three men, who constitute the board of directors of the authority, is so reasonable that it will appeal to the commonsense of the Congress, and to all the country, and will finally and ultimately justify me in saying now, after some familiarity with this subject for more than 10 years intimately associated with it, that it is the best bill that has ever been presented to Congress on this subject.

Mr. WEARIN. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. WEARIN. There is no provision in this bill, is there, to bring additional agricultural lands under cultivation?

Mr. McSWAIN. There is no provision in this bill that will authorize the taking of marginal lands out of agricultural use, except by additional legislation. The President could recommend it without the authority contained in section 28 of the bill. The President, by virtual suggestion, is authorized after studying the subject to recommend additional legislation on all those subjects. He can do it without that, but that is merely a provision put in there just like a signboard on the road, which does not say that you have to travel a certain way, but says in effect: "If you want to go to Pittsburgh, you ought to take this road." [Applause.]

I yield 3 minutes to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Speaker, many men who have spoken from the floor of the House on this legislation now before us, have said that if this bill would be enacted into law, it would signify we were becoming socialistic. In other words, everything we undertake to do that is progressive is called, by some, either socialism or communism. What difference does it make whether it is Socialism, Communism, Protestantism, Catholicism, Judaism, Confucianism, Mohammed-

anism, Buddhism, Brahmanism, or any other kind of "ism", as long as the masses will be the ones who will derive the benefit?

Mr. Speaker, I come from a district where there are many utility companies, and may I say, without any hesitation, these companies are not paying taxes in proportion to their valuation. As I stated in a previous address, if the utility companies could be compelled to pay a just tax, as the small business man and home owner is compelled to pay, we would always be able to balance our Budget. In fact, we would have a surplus which could be used to provide adequate pensions for the aged, widows, the blind, and all others who are physically incapacitated. There would be no necessity for such a thing as poorhouses, or unfortunates being compelled to beg on the highways for a livelihood.

The natural resources of the earth were not created for a privileged few. They belong to the people of the earth. Therefore, the people as a class should own them. There are many States and towns in the United States that own, control, and operate electric power and water systems, and it has been proved, under municipal ownership, the citizens of these communities have much lower rates than those who reside in cities and towns where the electric power and water are owned by private corporations.

We do not hear any person criticizing the Government because it has a postal system, or because we have a public-school system; we do not hear criticism because the States and counties own the roads and bridges. Why, then, take exception to the Government's going into the electric-power business? Let us be progressive and a little more humane. In fact, it is my opinion this world could be turned into a paradise if we men who are in power would legislate in behalf of the masses instead of the privileged few.

Mr. JAMES. Mr. Speaker, I yield the remainder of my time to the gentleman from Pennsylvania [Mr. COCHRAN].

Mr. COCHRAN of Pennsylvania. Mr. Speaker, first I desire to publicly acknowledge the courteous and fair treatment accorded the minority members of the Committee on Military Affairs by its distinguished chairman, the gentleman from South Carolina [Mr. McSWAIN]. [Applause.]

I shall vote against this resolution, and I ask your respectful attention while I detail some of the reasons for arriving at that conclusion. For more than a century and a quarter the people of the Tennessee Valley have sought the development of the power sites of the river and of the natural resources of the valley. Organizations were formed and glittering proposals were made to capital, but capital could not be interested. In 1906 the movement took concrete form in the organization of the Muscle Shoals Hydroelectric Power Co. for the purpose of the development of the power site on the river, known as "Mussel Shoals", though now termed Muscle Shoals; and renewed efforts were made to induce capital to invest, but capital makes no investment except the project present a reasonable chance for profit. That corporation continued its efforts until 1913, when the lobby mentioned by the gentleman from Pennsylvania [Mr. McFADDEN] came into action. The engineers of the War Department were approached, and navigation upon the Tennessee was discussed, and flood control; but nothing was accomplished until 1916, and then only under the urge and stress of the World War. The National Defense Act was passed on the 3d of June of that year.

Nitrogen is an essential ingredient of explosives, and our source of supply theretofore was Germany and Chile. Further supplies from the former were barred by the war, and war-time hazards of ocean transportation rendered importations from the latter impractical.

A process for the fixation of atmospheric nitrogen had been perfected, and it required power. The Government, to secure an independent source of nitrogen, determined to construct such a plant and sought a hydroelectric power site, which of war-time necessity must needs be situate remote from the coast to avoid possible attack by an airplane of an enemy. Neither the power sites on the river nor the natural resources of its valley had warranted their de-

velopment by private capital, but the additional factor of remoteness rendered the Muscle Shoals power site admirable for the purely military purposes of the Government.

The reports of the hydraulic engineers up to that time were to the effect that the Tennessee River is what is termed a very "flashy" stream, because the water flow varied from 7,000 second-feet in certain seasons of the year to 400,000 and 500,000 second-feet in other seasons of the year. It is that fact that makes necessary the building of Cove Creek Dam; principally for storage purposes.

I beg your indulgence while I read section 124 of the National Defense Act. This section is the pole star that should guide us in arriving at a solution of this question. It is national defense that I want to keep before you at all times.

The President of the United States is hereby authorized and empowered to make, or cause to be made, such investigation as in his judgment is necessary to determine the best, cheapest, and most available means for the production of nitrates and other products for munitions of war and useful in the manufacture of fertilizers and other useful products by water power or any other power as in his judgment is the best and cheapest to use; and is also hereby authorized and empowered to designate for the exclusive use of the United States, if in his judgment such means is best and cheapest, such site or sites upon any navigable or nonnavigable river or rivers or upon the public lands as in his opinion will be necessary for carrying out the purposes of this act; and is further authorized to construct, maintain, and operate, at or on any site or sites so designated, dams, locks, improvements to navigation, power houses, and other plants and equipment or other means than water power as in his judgment is the best and cheapest, necessary or convenient for the generation of electrical or other power and for the production of nitrates or other products needed for munitions of war and useful in the manufacture of fertilizers and other useful products.

I shall omit the next paragraph and read the succeeding:

The products of such plants shall be used by the President for military and naval purposes to the extent that he may deem necessary, and any surplus which he shall determine is not required shall be sold and disposed of by him under such regulations as he may prescribe.

That is, that the products of this plant, constructed for national-defense purposes, shall be used in time of war for war purposes, and the products in time of peace shall be "sold and disposed of", using the very words of the act. The products of Muscle Shoals are, first, power, and, second, nitrates; and those are the things that are to be "sold and disposed of." The manufacture of fertilizers was a later consideration, but the National Defense Act provided that those two products should be "sold and disposed of."

Under authority of that act the United States constructed the Wilson Dam and power plant at Muscle Shoals at a cost of \$47,000,000, at a time when a responsible contracting firm offered to construct it for a price of \$25,000,000. The greatest argument against the Government in business at Muscle Shoals is the experience already had there.

It not only built the Wilson Dam at an expense of \$47,000,000 but because this was a very "flashy" river, it had to build a steam plant in order to supplement the hydro power at low-water time. Twelve million dollars were spent in the construction of the steam plant. The Government then constructed nitrate plant no. 1 at a cost of \$13,000,000. It sought to make nitrogen by the Haber process, which we thought we had in some way taken from Germany, but one step was missing, and that plant was a failure and its entire cost a loss.

We next constructed nitrate plant no. 2 at an expense of \$55,000,000. Now, I come to a very controversial point, namely, whether nitrate plant no. 2 is obsolete and antiquated, as claimed by some, or is an up-to-date nitrate-producing plant. The bill itself bears evidence that it is obsolete, because it speaks of modernizing the plant. In another place it admits its obsolescence when it states that in the manufacture of fertilizer the capital investment or the charge against capital as regards nitrate plant no. 2, shall be not \$55,000,000 nor the half of it nor the quarter of it, but shall be considered to be not to exceed \$6,000,000. It may be any insignificant sum if it is desired to reduce the

cost of fertilizer in order to shorten the mythical "yardstick."

Mr. McSWAIN. Will the gentleman yield for a question?

Mr. COCHRAN of Pennsylvania. I yield to the chairman of the committee.

Mr. McSWAIN. The gentleman remembers, of course, that not the entire property constituting nitrate plant no. 2 would be employed in the production of nitrogen for fertilizer purposes; the entire plant would not be used for the production of nitrogenous plant food, but that in the process of making fertilizer you cut out at a certain point. You do not use that part of the plant used for nitric acid nor for the making of ammonium nitrate, and that the break-down for that part of the plant which would be used in the making of fertilizer would be shown at a cost of \$18,000,000 and that 33 1/3-percent salvage of the original war-time investment would be a pretty fair figure. Is that not so?

Mr. COCHRAN of Pennsylvania. In answer, I would say, respectfully, that no 33 1/3 percent capital charge is provided, in the bill, because the wording is "not to exceed \$6,000,000." It may be a mere nominal sum, and I venture the opinion that it will be a mere nominal sum if it becomes necessary to reduce the cost of fertilizer in order to shorten the mythical yardstick.

I ask your indulgence again while I read from the hearings excerpts from the testimony of Judson C. Dickerman, who stated he is a public-utility investigator, an engineer-investigator for the Federal Trade Commission.

Asked by the chairman to detail his study and experience, he replied:

Originally I am a graduate of the Massachusetts Institute of Technology in chemical engineering, in which I gave a great deal of consideration to power engineering. Since then I have had manufacturing experience in chemical plants; I have had charge of a utility; I have been the principal engineer in charge and supervision of all the utilities, except railroads, for the State of Virginia; have been connected with the Wisconsin Railroad Commission in the utility investigations; was assistant director of the giant power survey in Pennsylvania and a staff member of the public-service commission there; and I have been for 4 years traveling over the country investigating the physical properties and the operating conditions of the power plants in this country.

Dr. Dickerman stated his familiarity with nitrate plant no. 2 and that that plant was antiquated; yet this is the plant this bill would seek to modernize by spending the money of the taxpayers, at a time when they are already overburdened, in order to make fertilizer. The existing fertilizer plants in the United States have a present production capacity three times present consumption.

There is great controversy here as to the most economical method of developing electrical energy, whether by the hydro method or by the steam method.

I make the statement after considerable study and mature thought that the cost of electric energy in a given locality cannot be used as a yardstick to determine what should be the cost in another locality. The factors entering into such cost are never identical. Nature has favored some localities over others. If a power site can be found upon a river with an ample, steady flow of water in all seasons, at a point where the dam can be constructed at low cost and large storage can be had at low cost and near a large industrial market, the price at which such power can be sold will be far below that at a site where one or more of these factors are lacking. Likewise, if it is sought to develop electric energy by a steam plant, and the plant can be located near a large supply of low-priced coal and near a steady industrial market, the price to the consumer will be far below that of power from a plant less favorably located. There will thus be a wide difference between the cost of electric energy generated at Muscle Shoals and the cost of electric energy generated at any point, we will say in the State of Nebraska, where there are few, if any, power sites and where freight rates increase the cost of coal. Thus the cost at Muscle Shoals cannot be used as a yardstick to determine what should be the cost in Nebraska.

Further testimony of Dr. Dickerman upon this subject, when his attention was directed to it by the chairman and

he was asked to make a comparison of costs between these two sources of energy, is as follows:

I am continually making those comparisons in reports which I have been making for the last 4 years. I have had occasion to find out what both the installation and operating costs of various hydro and steam electric power plants have been, so that I have gathered a considerable knowledge of such matters.

Now, when it comes to comparison of hydro as against steam production, it appears to me that there are at least three groups or factors which must be considered as regards any particular place in which you wish to develop power. One very obvious one is the probable cost of coal over a period of years. At the present time we are all aware that coal is being sold at the mines at a cost which represents practically no return on investments; a dollar a ton or less is a prevailing price. How long that will last we do not know. It is bound to last for a while, but it does not seem conceivable that that can remain as the fundamental price for coal over a period of years.

The cost of coal includes, at the point of use, the railroad or freight charges to deliver it. There are power plants in this country which, in the last few years, have been charging coal into their plants at \$2 a ton. Those are located in the coal-mining States. The companies which are operating in such sections as New England and New York State are having to charge in from \$4 to \$5. In the interior of New England they have to charge in practically \$6 a ton for their coal. So the coal price, regardless of what it is at the mine, will vary according to the transportation charges to different parts of the country.

Another factor is, What sort of service do you expect to supply? If you are going to supply a community or a group of communities that are commercial, residential, and only moderate in their industrial development—a few factories employing 50 or a hundred people—you will find that what we call the load factor—that is, the percentage of the total time that the equipment will be operated at full capacity—is apt to be only between 30 and 40 percent. If you are going into a highly industrialized community, where there are large factories that are likely to have continuous operations throughout the year, you may get your load factor built up to around 50 percent. If you can operate a lot of electrochemical or electrometallurgical industries, such as are clustered around Niagara Falls, you may get a load factor of approximately 80 percent.

I have wondered whether the residents of Nebraska honestly expect electric energy at the price at which it can be produced at Muscle Shoals.

Comparisons have been drawn between the cost of electric energy in the State of Washington and its cost elsewhere. Nature has been bountiful in her gifts to the State of Washington, for there, it is stated, are found 20 percent of the power sites of the United States, an unlimited source of power at the lowest possible production cost. So I repeat that no "yardstick" is possible to be made at Muscle Shoals which will honestly measure the cost of electric energy at any considerable distance therefrom.

At Muscle Shoals I saw a deserted city of perhaps a hundred modern, well-constructed homes, many of them of brick, with fine improved streets. This city is unoccupied. These buildings are unoccupied because there is no demand for the electric energy that can be produced there. That cheap energy has not succeeded in attracting any industries; and I foresee if this great construction program goes forward, as it doubtless will, to produce additional surpluses of electric energy for which there is no demand, that the ghosts will play around those plants as they are nightly playing around that deserted city.

Saturday it was asserted by one of the persons favoring this bill that the Government is selling power at Muscle Shoals at 2 mills a kilowatt. This statement, like many others with reference to the cost of electric energy in different localities of the country, is startling in the absence of an explanation. The six Southern States are served by six utility corporations, and the common stock of these operating utilities is held by the Commonwealth & Southern Corporation. These operating utilities today sell only two thirds of the power they produce. Representatives of the War Department besought them to buy Muscle Shoals power. These utilities had their hydro plants and their steam plants. They wanted to cooperate. They did not need the power. So the engineers of the War Department and those of these utilities got together. The utilities agreed to take annually a minimum of \$560,000 worth of energy at 2 mills a kilowatt-hour; but this price was based upon the savings the utilities could achieve by shutting down steam plants—that is, the saving in wages and coal. The capital charges continued

against these steam plants, and the net result was that these utilities made no more money than they would had they generated a like amount of power in their steam plants, while the United States receives \$560,000 or more annually.

I have listened to glittering generalities here and invectives against electric utilities as a class. I do not know whether there is a foundation for these charges, because only conclusions are stated, not facts upon which we might judge the soundness of the conclusions. It ought not to be necessary for a Member of this House to preface any remarks he has to make with reference to utilities with the statement that he is not financially interested in them. I hold no brief for any utility. I am a lawyer. I fight them when they do wrong; but I do want to direct your attention to the utilities in the six Southern States.

The uncontradicted testimony before the committee is that every issue of stock or bonds for capital purposes has first been approved and authorized by the utility commissions of the respective States, and that after this authorization has been secured every dollar received from the sale of stock or bonds has been expended under the direction of these utility commissions.

I am speaking rather in behalf of the owners of the \$500,000,000 of invested capital in these utilities. The uncontradicted evidence is that there is not a cent of water, that there has not been a cent of write-up in order to boost rates. It may be that inequalities exist in matters of rates, but if they do the fault lies with the rate-making bodies. I may state that insofar as my knowledge goes there is not a single stockholder of any of these utilities within my congressional district.

The further evidence is that if the Government goes into the business of either building or acquiring transmission lines within transmission distance of Muscle Shoals, this entire investment will be lost. This is the fear of the people who have invested their money. I desire to read at this point a letter received a few days ago:

TALLADEGA COLLEGE,
UNDER THE AUSPICES OF THE AMERICAN
MISSIONARY ASSOCIATION,
Talladega, Ala., April 19, 1933.

MR. THOMAS COCHRAN,
Congressman from Pennsylvania, Washington, D.C.

DEAR MR. COCHRAN: I am a holder of preferred stock in the Alabama Power Co. I know of many others like myself who have put their small savings in this stock. For this reason I object to the Federal Government building transmission lines for the distribution of electric current, as it would cause a hardship on all these people. I come from Grove City, Pa., but my work calls me here.

Yours sincerely,

E. C. MEYERS.

The letter indicates that Mr. Myers is the controller of Talladega College.

It is not an idle statement that the acquisition by the governmental agency of the existing transmission lines, or its construction of competing lines, would destroy the entire investments of the people of the six Southern States and elsewhere, in the bonds and preferred stocks of the operating utilities.

It grieved me to hear one of the supporters of this resolution say that the governmental agency should have legislative authority to construct transmission lines, so that it would be armed with a club which would compel the utilities to sell at the agent's arbitrary price. In other words, it is sought to have the Government enact the role of a highwayman and bludgeon its citizens out of their property.

An electric utility is composed essentially of three units, namely: First, the generating or power unit; second, the transmission lines or transportation unit; and, thirdly, the sales unit or municipal distribution plant. If the governmental agency takes the transmission lines at its arbitrary price, or constructs competing lines, it follows as night the day that the generating unit and distribution units are valueless. Under this scheme the governmental agency proposes to generate electric current at Muscle Shoals and 11 other plants authorized to be constructed on the river, to take over existing transmission lines at its price or construct

others, and seize without any compensation whatever the entire markets that have been built up by the existing utilities, such action rendering valueless the generating units of the existing utilities. It should be noted here that no evidence whatever was presented to the committee that the services of the utilities are, or have been, inadequate or that their rates are, or have been, other than just, fair, and reasonable. To those who advocate that our Government should engage in such an undertaking, I will say that, by way of comparison, banditry is an honorable profession.

The governmental agency can and will sell electricity below the actual cost of production, for it pays no taxes, and will reduce charges against capital investment to a nominal figure to justify its continued existence. The history of such governmental agencies is that they perpetuate themselves, without regard to the cost to the taxpayers.

Many of the arguments advanced above apply with equal force against the Government's engaging in the production of fertilizer at Muscle Shoals. The Government nitrate plant cost \$55,000,000, and the pending resolution provides that in ascertaining the cost of production the capital charges shall be made against a sum not in excess of \$6,000,000, which means that there will be no capital charges. The agency is obligated to produce fertilizer below the cost at which it can be produced by modern methods at the most efficient plant in the United States.

Fertilizer produced at Muscle Shoals will be sold within a very limited area, for the sales area of such a heavy, bulky commodity, defined by freight rates, is necessarily small. Owing to the controlled items of cost in its manufacture at Muscle Shoals its cost there affords no "yardstick of price" elsewhere. The whole proposition is simply to establish another subsidy, which would benefit nobody, not even those who would purchase the cheap fertilizer. It would only add to the present surplus of cotton. The hidden costs of the fertilizer, not reflected in the sale price, would be borne by the taxpayers of the country, including the wheat farmer and the dairyman.

The final argument in favor of the resolution is that the development of the power sites of the Tennessee River and of the natural resources of its valley would give employment to the jobless. But the proposition is to produce those things for which there is no present or prospective demand, and of which the country now has and for years has had a great surplus.

I will remark that there is in existing industries today a job for every person unemployed and willing to work, and that the efforts of the Congress would be more beneficially employed if directed toward starting those industries. When they are started, the masses will be restored to their old purchasing power, agriculture will again flourish, and the depression will be a matter of history.

Pennsylvania is the greatest industrial State of the Union, and for this reason feels the direst effects of the depression. Thousands of her citizens are unemployed. Revival of industry will necessarily commence within her borders. Such revival would be greatly stimulated by the Government's immediately adopting the Allegheny River-French Creek route as the route for the Ohio River-Lake Erie ship canal, and connecting with it at the same time the canalization of the Beaver, Shenango, and Mahoning Rivers. Sixty-three miles of this route is now completed. George Washington advocated a ship canal connecting the Ohio River and Lake Erie. A recent economic survey of the territory contiguous to such route has shown the project self-liquidating. Ships would travel north with cheap coal and oil and its products for the Northwest and return with that section's wheat and ore from the Lake Superior districts. The coal and oil industries of western Pennsylvania and the steel industries of Pittsburgh and the Shenango and Mahoning Valleys would flourish.

It may well be that this is the point at which we can pierce the lines of depression and start our country on its road to its accustomed prosperity. Its promise justifies the attempt.

[Here the gavel fell.]

Mr. McSWAIN. Mr. Speaker, I yield myself 10 minutes.

Mr. Speaker, in connection with the matter of the watered stock, I call the attention of the House to the testimony of Mr. Willkie, who is the president of the holding company known as the Commonwealth & Southern. The testimony showed that there are several intermediate holding companies and that it finally heads up in the banking firm of J. P. Morgan & Co., and on page 238 of the hearings I asked Mr. Willkie these questions:

The CHAIRMAN. Mr. Willkie, do you say that all of this common stock that the holding company owns, which has a third-lien status upon the earnings of the company, represents cash investment in the physical properties of these plants?

Mr. WILLKIE. I would not say that exactly; that is a rather difficult thing to measure. These companies are a growth of gradual consolidations. Take, for instance, the company that Mr. Arkwright told you about, one company going into another company.

I think it was claimed before the Federal Trade Commission in connection with the Georgia Power Co. that some increase in value was placed on the Georgia Power Co. in connection with lands it acquired in 1902. The consolidation took place in 1926, and the Georgia Power Co., in accordance with the well-established rule of law that you are entitled to increases in the value of real estate, claimed some value for that increase.

The CHAIRMAN. How did the Tennessee Power Co. pick up \$10,000,000; that is, the difference between the \$90,000,000 investment and \$102,000,000, the present stock valuation?

Mr. WILLKIE. Mr. Guild can answer that question.

Mr. GUILD. I think, Mr. Chairman, that can be answered by the consolidation that took place when the Tennessee River Power Co. became a part of the Tennessee Electric Power Co. There was a loss of about \$7,000,000 or \$8,000,000 that was charged off, and the real value of Hales Bar stands on our books now at about \$9,000,000, when the real value was about \$12,000,000 or \$13,000,000. That loss was sustained by the other company.

Then Mr. Dickerman, who is certainly an impartial witness, being employed by the Federal Trade Commission, testified, beginning on page 335 of the hearings, as follows:

Mr. GOSS. Do you think those figures they have given me are accurate?

Mr. DICKERMAN. Well, let me say one thing about the rate of return, which I am not thoroughly impressed with. They may figure 6 percent, but there is not a utility company going that is trying to do business on 6 percent on their actual investment. They have included, as our Federal Trade Commission reports have shown, their capital charges in their investment accounts, and if they earn 6 percent on capital, they are earning 8 or 9 percent on the real investment.

Mr. GOSS. Will the gentleman yield there?

Mr. McSWAIN. Certainly.

Mr. GOSS. If my memory serves me correctly, Mr. Dickerman, of the Federal Trade Commission, admitted that out of the \$600,000,000 invested in all of these companies there was a write-up of about \$9,000,000. Is not that correct?

Mr. McSWAIN. That was in the case of the Tennessee Power Co.

Mr. GOSS. That was all they found in respect of all the properties, was it not?

Mr. McSWAIN. That is the only actual item that they were able to identify as to how it got in, but he states that the fact is it must be in there somehow, because when they figure 6 percent on their capital they are figuring enough to represent 8 or 9 percent on the actual physical value of the property. So this shows that Mr. Williams, of Mississippi, a son of the distinguished John Sharp Williams, and himself a consulting engineer, was right when he testified that the company that had employed him as consulting engineer had ascertained that they could go to Georgia and construct power plants and transmission lines and a distributing system through the city of Atlanta and make a reasonable profit on their investment by charging the consuming public only 52 percent of the rates now prevailing in Atlanta.

So I submit that these statements by Mr. Dickerman and Mr. Williams corroborate one another and indicate that the public impression that has grown up out of the experience of millions of people of the country, to the effect that the rates charged by the utility companies for both domestic and industrial use are unjustifiably high, is probably a correct impression.

Mr. McFADDEN. Will the gentleman yield?

Mr. McSWAIN. I will yield.

Mr. McFADDEN. The gentleman will agree that the exploitation of the power companies has been perpetrated by the banking houses?

Mr. McSWAIN. I do not know who the power is behind the throne. I have not been able to go into all the intricacies of the holding companies. Our time is limited, we have no funds to bring witnesses here, and no funds to pay them; but, as I said, it appears by the statement of Mr. Dickerman that the holding companies have exploited the utility companies and it has finally landed in the banking house of J. P. Morgan & Co.

Mr. McFADDEN. That is one of the reasons why I introduced the resolution calling for an investigation of the Treasury income-tax department, because these people have not paid their proper share of the taxes.

Mr. McSWAIN. If anybody has escaped the payment of his share of the taxes, I am in favor of an investigation.

Mr. KVALE. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. KVALE. I have in my hand a statement which shows that the Tennessee Power Co. has an assessed value of \$59,000,000 for taxable purposes, and for rate-making purposes the same property is valued at \$94,000,000.

Mr. McSWAIN. I thank the gentleman.

Mr. KENNEY. Will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. KENNEY. I understand that some of these companies have underwritten the charges as capital. Does the gentleman know of any case where the underwriting charges are written off?

Mr. McSWAIN. I do not; I do not know very much about holding companies. I do not know how they came into existence or what they are for; but I have had a little experience in telephone concerns, and I have been convinced that a lot of these parent companies milk the local companies and make it appear that the local companies are not earning much of anything, whereas the earnings go into the coffers of the parent company.

It is difficult, therefore, to write legislation that will satisfy some of our friends. My amiable and delightful friend from Pennsylvania, Mr. RANSLEY, for instance.

Now, when Henry Ford wanted to acquire the Muscle Shoals property it would seem that the proposition ought to satisfy anybody who is in favor of private operation. Mr. Ford said that if the property was leased to him he would operate it as a private proposition and would manufacture fertilizer, and that his personal fortune would be behind it, and then all the rest of the power he would use for Henry Ford. What he was going to do with it nobody knows.

But what happened when the bill was brought out of the Military Affairs Committee? A report was signed by my distinguished friend from Pennsylvania, and 4 or 5 others, who are not Members of Congress now, in which they said:

A large amount of evidence was brought before the committee to show the wide-spread demand in the South for hydroelectric power and the concern which is felt in that section lest the Muscle Shoals power be entirely withdrawn from public service.

In other words, they were then much afraid that private industry—to wit, Henry Ford—would gobble up all the power generated at Muscle Shoals. The truth is the power companies wanted that power then and they want it now. They admit they will buy it now on a long-term contract and pay over \$2,000,000 a year for it.

Mr. RANSLEY. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. RANSLEY. The gentleman also recalls that Henry Ford became frightened over the proposition and withdrew it.

Mr. McSWAIN. I remember that very well, but I believe that but for the opposition made by my distinguished friend and his associates and men of like mind at both ends of the Capitol Henry Ford today and through all these years would have been operating that property, turning out 2,000,000 tons of mixed fertilizer a year for the benefit of the farmer,

and using all of that power, and not come into competition with a single one of these "precious power-utility companies."

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. McSWAIN. Yes.

Mr. McFARLANE. Several gentlemen on the other side of the aisle in the course of debate have stated that there are ample plants in existence to furnish fertilizers to the country. I ask the gentleman whether he is familiar with the fertilizer that was last year used on the Mount Vernon road, between Washington and Mount Vernon, and on other projects, which was shipped into this country from Germany?

Mr. McSWAIN. I have heard about that. I want to stick to the main track. As to the necessity of having additional power, when the then Secretary of Commerce, Mr. Hoover, made a speech in Seattle on August 21, 1926, it then appeared to him that there was not only a demand for power at Muscle Shoals and in the Cumberland River and in the Columbia River but that there was a necessity for such power, and he expressed the hope in that address that there would be a devotion of a large part of the power which shall be created there to the development of the electrochemical industry as a "national necessity for industry, agriculture, and the national defense."

In 1926, therefore, it was all right. In 1930, sitting as President, when we offered a bill which would have accomplished, in large measure at least, the development of this property, the very object that appeared desirable when he made the speech in Seattle in 1926, it was met with the most vigorous veto. One provision that was in the bill as it passed both Houses of Congress and would have become a law except for the signature of the President in 1928, when it was met with a pocket veto, and in 1930, when it was met with a very positive veto, was the provision that if power was sold by the corporation operating the property to a public-utility company, reselling power for profit, that such power might be withdrawn upon 2 years' notice to the power utility company, that the power was needed either for States, municipalities, counties, or cooperative associations.

In this bill the time has been increased, so far as notice is concerned, from 2 years to 5 years. When the representatives of the power interests were before us and protested against that provision I said that the mere length of time was immaterial. We thought 2 years was fair enough for them to build another power plant, and I asked the question myself if they would tell us what they think is a fair limit of time. They declined to say, but after the committee got around the table and began to consider the matter, we decided to more than double it, and now, so far as this bill is concerned, it is 5 years. I think that surely ought to foreclose any criticism or complaint that this committee has been actuated by anything like prejudice or the spirit of unfairness toward these interests.

In conclusion, very briefly, this bill is in pursuance of the policy of conservation which has been proclaimed for 21 years by both the great parties of this Nation, representing at least 95 percent of the entire population of the country, beginning with the declaration of the Progressive Party in 1912, saying in effect that the power then in the public domain, or in the navigable waters, was a national asset and should be preserved in public hands for the benefit of all the people; and from that time to this day every single party platform has proclaimed that to be its policy. How can any of us say that this bill which carries that policy into effect is, as has been said, socialistic or communistic or sovietistic? This is the policy of 95 percent of the American people. It is that the power incidentally developed in pursuance of those projects of navigation and flood control is an asset of all the people. Great complaint was made before our committee by some representatives of the power companies that such legislation as this would deprive some women and children who have invested some money in these public-utility bonds and preferred stock, of their investment. In the first place I am satisfied it will not do it. The bill is as fair as it could be.

It says, "If you have a power-transmission line and we need it we will buy it from you and pay its reasonable price,

and you can take that money and distribute it as a stock dividend among your stockholders and pay them back this money you are now grieving about." But in the next place, my friends, we have to direct our attention to some women and children who are not owners of stocks and bonds. I must assume that at least a large part of the women and children who have been able to put money into bonds and preferred stocks of public-utilities companies have some more money invested in some other stocks and bonds. I am thinking of the millions of women and children who have to earn their own bread by their daily toil.

The SPEAKER. The time of the gentleman from South Carolina [Mr. McSWAIN] has again expired.

Mr. McSWAIN. Mr. Speaker, I yield myself the remainder of the time.

I am thinking of those millions of women and children who are compelled to have electric power for light and for other domestic purposes, and when they, out of their meager earnings, are compelled to pay more than a fair and reasonable return on the actual physical property employed in the production, transmission, and distribution of that power, then an unfair exaction is being made of them. Their money is unjustly taken from them. I summon before your mind all those millions of women and children struggling for a bare existence, against the few thousand who are stockholders and bondholders in the utility companies involved. [Applause.]

The SPEAKER. The time of the gentleman from South Carolina has expired.

All time has expired.

Mr. McSWAIN. Mr. Speaker, by instruction of the Committee on Military Affairs, I offer two very brief committee amendments, which are on the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN for the committee: On page 23, line 1, after the word "shall", strike out the word "by" and insert the following: "be voidable at the election of"; and beginning with and including the first word "be", strike out the remainder of the sentence.

Mr. McSWAIN. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment offered by the gentleman from South Carolina [Mr. McSWAIN].

The amendment was agreed to.

The SPEAKER. The Clerk will read the second amendment offered by the gentleman from South Carolina.

The Clerk read as follows:

Amendment offered by Mr. McSWAIN for the committee: On page 23, in line 21, after the first word "from", insert the word "such", and after the word "bonds" and the comma following it, insert the following words: "as the Authority may make available to the Secretary of War for that purpose."

Mr. McSWAIN. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the amendment offered by the gentleman from South Carolina [Mr. McSWAIN].

The amendment was agreed to.

Mr. McSWAIN. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

Mr. McSWAIN. Mr. Speaker, I ask your indulgence. It has been agreed that the final vote on this bill will come tomorrow, and I do not now move the engrossment and third reading and final passage.

Mr. RANKIN. Mr. Speaker, I desire to serve notice on the House that I shall offer a motion to recommit to substitute the Norris bill. That may be done tomorrow.

The SPEAKER. The Chair suggests that the bill may be engrossed and read a third time.

Mr. McSWAIN. Very well.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. RANKIN. Mr. Speaker, I offer a motion to recommit to substitute the Norris bill.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. RANKIN. I am.

The SPEAKER. Is there any member of the committee who is opposed to the bill who desires to offer a motion to recommit? [After a pause.] The Chair hears none.

Mr. McSWAIN. I desire to reserve all points of order on the proposed motion to recommit.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. RANKIN moves to recommit the bill to the Committee on Military Affairs with instructions to report it back forthwith with the following amendment: "Strike out all after the enacting clause and insert the following."

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that the amendment referred to may be considered as read and be printed in the RECORD at this point.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The amendment is as follows:

Strike out all after the enacting clause and insert the following: "That for the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development, and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River Basins, there is hereby created a body corporate by the name of 'The Tennessee Valley Authority' (hereinafter referred to as the 'Corporation'). The board of directors first appointed shall be deemed the incorporators, and the incorporation shall be held to have been effected from the date of the first meeting of the board. This act may be cited as the 'Tennessee Valley Authority Act of 1933.'"

"SEC. 2. (a) The board of directors of the Corporation (hereinafter referred to as the 'board') shall be composed of three members, to be appointed by the President, by and with the advice and consent of the Senate. In appointing the members of the board the President shall designate the chairman. All other officials, agents, and employees shall be designated and selected by the board.

"(b) The terms of office of the members first taking office after the approval of this act shall expire as designated by the President at the time of nomination, one at the end of the fifth year, one at the end of the tenth year, and one at the end of the fifteenth year, after the date of approval of this act. A successor to a member of the board shall be appointed in the same manner as the original members and shall have a term of office expiring 15 years from the date of the expiration of the term for which his predecessor was appointed.

"(c) Any member appointed to fill a vacancy in the Board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(d) Vacancies in the board so long as there shall be two members in office shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

"(e) Each of the members of the board shall be a citizen of the United States. The chairman of the board shall receive a salary of \$10,000 a year. Other members of the board shall receive salaries of \$9,000 each per annum. Each member of the board, in addition to his salary, shall be permitted to occupy as his residence one of the dwelling houses now owned by the Government in the vicinity of Muscle Shoals, Ala., the same to be designated by the President of the United States. Members of the board shall be reimbursed by the Corporation for actual expenses while in the performance of the duties vested in the board by this act. No member of said board shall, during his continuance in office, be engaged in any other business, but shall give his entire time to the business of said Corporation.

"The board shall select a treasurer and as many assistant treasurers as it deems proper, which treasurer and assistant treasurers may be corporations and banking institutions and shall give such security for the safe-keeping of the securities and moneys of the said Corporation as the board may require: *Provided*, That any member of said board may be removed from office at any time by a concurrent resolution of the Senate and the House of Representatives.

"(f) No director shall have any financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public nor in any corporation engaged in the manufacture, selling, or distribution of fixed nitrogen or fertilizer, or any ingredients thereof, nor shall any member have any interest in any business that may be adversely affected by the success of the Corporation as a producer of concentrated fertilizers or as a producer of electric power.

"(g) The board shall direct the exercise of all the powers of the Corporation.

"(h) All members of the board shall be persons who profess a belief in the feasibility and wisdom of this act."

Sec. 3. The board shall appoint such managers, assistant managers, officers, employees, attorneys, and agents, as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board.

"Sec. 4. Except as otherwise specifically provided in this act, the Corporation—

"(a) Shall have succession in its corporate name.

"(b) May sue and be sued in its corporate name, but only for the enforcement of contracts and the defense of property.

"(c) May adopt and use a corporate seal, which shall be judicially noticed.

"(d) May make contracts as herein authorized.

"(e) May adopt, amend, and repeal bylaws.

"(f) May purchase or lease and hold such personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it.

"(g) Shall have such powers as may be necessary or appropriate for the exercise of the powers herein specifically conferred upon the Corporation.

"(h) In the name of the United States Government to exercise the right of eminent domain, and in the purchase of any real estate or the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the United States Government.

"Sec. 5. The board is hereby authorized and directed—

"(a) To contract with commercial producers for the production of such fertilizers or fertilizer materials as may be needed in the Government's program of development and introduction in excess of that produced by Government plants. Such contracts may provide either for outright purchase by the Government or only for the payment of carrying charges on special materials manufactured at the Government's request for its program.

"(b) To arrange with farmers and farm organizations for large-scale practical use of the new forms of fertilizers under conditions permitting an accurate measure of the economic return they produce.

"(c) To cooperate with national, State, district, or county experimental stations or demonstration farms, for the use of new forms of fertilizer or fertilizer practices during the initial or experimental period of their introduction.

"(d) The board shall manufacture fixed nitrogen at Muscle Shoals by the employment of existing facilities by modernizing existing plants, or by any other process or processes that in its judgment shall appear wise and profitable for the fixation of atmospheric nitrogen.

"(e) Under the authority of this act the board may make donations or sales of the total product of the plant or plants operated by it to be fairly and equitably distributed through the agency of county demonstration agents, agricultural colleges, or otherwise as the board may direct, for experimentation, education, and introduction of the use of such products in cooperation with practical farmers so as to obtain information as to the value, effect, and best methods of use of same.

"(f) The board is authorized to make alterations, modifications, or improvements in existing plants and facilities, and to construct new plants.

"(g) To establish, maintain, and operate laboratories and experimental plants, and to undertake experiments for the purpose of enabling the Corporation to furnish nitrogen products for military and agricultural purposes in the most economical manner and at the highest standard of efficiency.

"(h) The board shall have power to request the assistance and advice of any officer, agent, or employee of any executive department or of any independent office of the United States, to enable the Corporation the better to carry out its powers successfully, and the President shall, if in his opinion, the public interest, service, or economy so requires, direct that such assistance, advice, and service be rendered to the Corporation, and any individual that may be by the President directed to render such assistance, advice, and service shall be thereafter subject to the orders, rules, and regulations of the board.

"(i) Upon the requisition of the Secretary of War or the Secretary of the Navy to manufacture for and sell at cost to the United States explosives or their nitrogenous content.

"(j) Upon the requisition of the Secretary of War the Corporation shall allot and deliver without charge to the War Department so much power as shall be necessary in the judgment of said Department for use in operation of all locks, lifts, or other facilities in aid of navigation.

"(k) To produce, distribute, and sell electric power, as herein particularly specified.

"(l) No products of the Corporation shall be sold for use outside of the United States, her Territories and possessions, except to the United States Government for the use of its Army and Navy or to its allies in case of war.

"Sec. 6. In the appointment of officials and the selection of employees for said Corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of said board who is guilty of a violation

of this section shall be removed from office by the President of the United States, and any appointee of said board who is guilty of a violation of this section shall be removed from office by said board.

"Sec. 7. In order to enable the Corporation to exercise the powers vested in it by this act—

"(a) The exclusive use, possession, and control of the United States nitrate plants nos. 1 and 2, including steam plants, located, respectively, at Sheffield, Ala., and Muscle Shoals, Ala., together with all real estate and buildings connected therewith, all tools and machinery, equipment, accessories, and materials belonging thereto, and all laboratories and plants used as auxiliaries thereto; the fixed-nitrogen research laboratory, the Waco limestone quarry, in Alabama, and Dam No. 2, located at Muscle Shoals, its power house, and all hydroelectric and operating appurtenances (except the locks), and all machinery, lands, and buildings in connection therewith, and all appurtenances thereof are hereby entrusted to the Corporation for the purposes of this act.

"(b) The President of the United States is authorized to provide for the transfer to the Corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of the Corporation as herein stated.

"Sec. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Muscle Shoals, Ala. The Corporation shall be held to be an inhabitant and resident of the northern judicial district of Alabama within the meaning of the laws of the United States relating to the venue of civil suits.

"(b) The Corporation shall at all times maintain complete and accurate books of accounts.

"(c) Each member of the board before entering upon the duties of his office shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this act.

"Sec. 9. (a) The board shall file with the President and with the Congress in January of each year a financial statement and a complete report as to the business of the Corporation covering the preceding year. This report shall include the total number of employees and the names, salaries, and duties of those receiving compensation at the rate of more than \$1,500 a year.

"(b) The board shall require a careful and scrutinizing audit and accounting by the General Accounting Office during each governmental fiscal year of operation under this act, and said audit shall be open to inspection to the public at all times and copies thereof shall be filed in the principal office of the Corporation at Muscle Shoals, in the State of Alabama. Once during each fiscal year the President of the United States shall have power, and it shall be his duty, upon the written request of at least two members of the board, to appoint a firm of certified public accountants of his own choice and selection, which shall have free and open access to all books, accounts, plants, warehouses, offices, and all other places, and records belonging to or under the control of or used by the Corporation in connection with the business authorized by this act. And the expenses of such audit so directed by the President shall be paid by the board and charged as part of the operating expenses of the Corporation.

"Sec. 10. The board is hereby empowered and authorized to sell the surplus power not used in its operations and for operation of locks and other works generated by it to States, counties, municipalities, corporations, partnerships, or individuals, according to the policies hereinafter set forth, and to carry out said authority, the board is authorized to enter into contracts for such sale for a term not exceeding 30 years and in the sale of such current by the board it shall give preference to States, counties, municipalities, and cooperative organizations of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members: *Provided*, That all contracts made with private companies or individuals for the sale of power, which power is to be resold for a profit, shall contain a provision authorizing the board to cancel said contract upon 2 years' notice in writing, if the board needs said power to supply the demands of States, counties, or municipalities. In order to provide for the fullest possible use of electric light and power on farms, the board, in its discretion, shall have power within reasonable distance of any of its transmission lines to construct transmission lines to farms and small villages that are not otherwise supplied with electricity at reasonable rates and to make such rules and regulations governing such sale and distribution of electric power as in its judgment may be just and equitable.

"Sec. 11. It is hereby declared to be the policy of the Government, so far as practical, to distribute the surplus power generated at Muscle Shoals equitably among the States, counties, and municipalities within transmission distance of Muscle Shoals.

"Sec. 12. In order to place the board upon a fair basis for making such contracts and for receiving bids for the sale of such power it is hereby expressly authorized, either from appropriations made by Congress or from funds secured from the sale of such power or from funds secured by the sale of bonds hereafter provided for, to construct, lease, or authorize the construction of transmission lines within transmission distance from the place where generated: *Provided*, That if any State, county, municipality, or other public or cooperative organization of citizens or farmers, not organized or doing business for profit, but primarily for the purpose of supplying electricity to its own citizens or members, or any two or more of such municipalities or organizations, shall construct or agree to construct a transmission line to the Government reservation upon which is located a Government

generating plant, or to a main transmission line owned by the Government and under the control of the board, the board is hereby authorized and directed to contract with such State, county, municipality, or other organization, or two or more of them, for the sale of electricity for a term not exceeding 40 years, and in any such case the board shall give to such State, county, municipality, or other organization ample time to fully comply with any local law now in existence or hereafter enacted providing for the necessary legal authority for such State, county, municipality, or other organization to contract with the board for such power: *Provided further*, That all contracts entered into between the Corporation and any municipality or other political subdivision shall provide that the electric power shall be sold and distributed to the ultimate consumer without discrimination as between consumers of the same class, and such contract shall be void if a discriminatory rate, rebate, or other special concession is made or given to any consumer or user by the municipality or other political subdivision: *And provided further*, That any surplus power not so sold as above provided to States, counties, municipalities, or other said organizations, before the board shall sell the same to any person or corporation engaged in the distribution and resale of electricity for profit, it shall require said person or corporation to agree that any resale of such electric power by said person or corporation shall be sold to the ultimate consumer of such electric power at a price that shall not exceed an amount fixed as reasonable, just, and fair by the board; and in case of any such sale if an amount is charged the ultimate consumer which is in excess of the price so deemed to be just, reasonable, and fair by the board, the contract for such sale between the board and such distributor of electricity shall be declared null and void and the same shall be canceled by the board.

"Sec. 13. Five percent of the gross proceeds received by the board for the sale of power generated at Dam No. 2, or from the steam plant located in that vicinity, or from any other steam plant hereafter constructed in the State of Alabama, shall be paid to the State of Alabama; and 5 percent of the gross proceeds from the sale of power generated at Cove Creek Dam, hereinafter provided for, or any other dam or steam plant located in the State of Tennessee, shall be paid to the State of Tennessee. Upon the completion of said Cove Creek Dam the board shall ascertain how much excess power is thereby generated at Dam No. 2 and any other dam hereafter constructed by the Government of the United States of Tennessee, and from the gross proceeds of the sale of such State of Tennessee and from the gross proceeds of the sale of such excess power 2½ percent shall be paid to the State of Alabama and 2½ percent to the State of Tennessee. These provisions shall apply to any other dam that may hereafter be constructed and controlled and operated by the board on the Tennessee River or any of its tributaries, the main purpose of which is to control flood waters and where the development of electric power is only incidental in the operation of such flood-control dam. In ascertaining the gross proceeds from the sale of such power upon which a percentage is paid to the States of Alabama and Tennessee the board shall not take into consideration the proceeds of any power sold to the Government of the United States, or any department of the Government of the United States used in the operation of any locks on the Tennessee River, or for any experimental purpose, or for the manufacture of fertilizer or any of the ingredients thereof, or for any other governmental purpose.

"Sec. 14. The board shall make a thorough investigation as to the present value of Dam No. 2 and the steam plants at nitrate plant no. 1 and nitrate plant no. 2, and as to the cost of Cove Creek Dam, for the purpose of ascertaining how much of the value or the cost of said properties shall be allocated and charged up to (1) flood control, (2) navigation, (3) fertilizer, (4) national defense, and (5) the development of power. The findings thus made by the board, when approved by the President of the United States, shall be final, and such findings shall thereafter be used in all allocation of value for the purpose of keeping the book value of said properties. In like manner, the cost and book value of any dams, steam plants, or other similar improvements hereafter constructed and turned over to said board for the purpose of control and management shall be ascertained.

"Sec. 15. In the construction of any future dam, steam plant, or other facility, to be used in whole or in part for the generation of hydroelectric power, the board, if directed so to do by the President of the United States, shall issue its bonds for the payment in part or in full of that part of said development that is allocated to the production of hydroelectric power. Said bonds shall be in denominations and shall draw such interest and shall bear such maturity dates as shall be directed by the President, and the same shall be sold to the public in such manner and under such rules and regulations as the President may direct. The net proceeds of all moneys received for the sale of power to States, counties, municipalities, or farm organizations, as well as the net proceeds derived from any tonnage tax that may hereafter be provided for by Congress, are hereby pledged to the payment of said bonds and the interest thereon.

"Sec. 16. The Secretary of War, whenever the President deems it advisable, is hereby empowered and directed to complete Dam No. 2 at Muscle Shoals, Ala., and the steam plant at nitrate plant no. 2, in the vicinity of Muscle Shoals, by installing in Dam No. 2 the additional power units according to the plans and specifications of said dam, and the additional power unit in the steam plant at nitrate plant no. 2.

"Sec. 17. It is hereby declared to be the policy of the Government to utilize the Muscle Shoals properties so far as may be

necessary to improve and cheapen the production of fertilizer and fertilizer ingredients by carrying out the provisions of this act.

"Sec. 18. The Secretary of War is hereby authorized, with appropriations hereafter to be made available by the Congress, to construct, either directly or by contract to the lowest responsible bidder, after due advertisement, a dam in and across Clinch River in the State of Tennessee, which has by long custom become known and designated as the Cove Creek Dam, together with a transmission line from Muscle Shoals, according to the latest and most approved designs of the Chief of Engineers, including power house and hydroelectric installations and equipment for the generation of at least 200,000 horsepower, in order that the waters of the said Clinch River may be impounded and stored above said dam for the purpose of increasing and regulating the flow of the Clinch River and the Tennessee River below, so that the maximum amount of primary power may be developed at Dam No. 2 and at any and all other dams below the said Cove Creek Dam.

"Sec. 19. In order to enable and empower the Secretary of War to carry out the authority hereby conferred, in the most economical and efficient manner, he is hereby authorized and empowered in the exercise of the powers of national defense in aid of navigation, and in the control of the flood waters of the Tennessee and Mississippi Rivers, constituting channels of interstate commerce, to exercise the right of eminent domain for all purposes of this act and to condemn all lands, easements, rights of way, and other area necessary in order to obtain a site for said Cove Creek Dam, and the flowage rights for the reservoir of water above said dam and to negotiate and conclude contracts with States, counties, municipalities, and all State agencies and with railroads, railroad corporations, common carriers, and all public-utility commissions and any other person, firm, or corporation, for the relocation of railroad tracks, highways, highway bridges, mills, ferries, electric-light plants, and any and all other properties, enterprises, and projects whose removal may be necessary in order to carry out the provisions of this act. When said Cove Creek Dam, transmission line, and power house shall have been completed, the possession, use, and control thereof shall be intrusted to the Corporation for use and operation in connection with the general Muscle Shoals project and to promote flood control and navigation in the Tennessee River.

"Sec. 20. The Corporation, as an instrumentality and agency of the Government of the United States for the purpose of executing its constitutional powers, shall have access to the Patent Office of the United States for the purpose of studying, ascertaining, and copying all methods, formulae, and scientific information (not including access to pending applications for patents) necessary to enable the Corporation to use and employ the most efficacious and economical process for the production of fixed nitrogen, or any essential ingredient of fertilizer, or any method of improving and cheapening the production of hydroelectric power, and any patentee whose patent rights may have been thus in any way copied, used, or employed by the exercise of this authority by the Corporation, shall have as the exclusive remedy of a cause of action to be instituted and prosecuted on the equity side of the appropriate district court of the United States for the recovery of reasonable compensation. The Commissioner of Patents shall furnish to the Corporation, at its request and without payment of fees, copies of documents on file in his office.

"Sec. 21. The Government of the United States hereby reserves the right, in case of war or national emergency declared by Congress, to take possession of all or any part of the property described or referred to in this act for the purpose of manufacturing explosives or for other war purposes; but, if this right is exercised by the Government, it shall pay the reasonable and fair damages that may be suffered by any party whose contract for the purchase of electric power or fixed nitrogen or fertilizer ingredients is hereby violated, after the amount of the damages has been fixed by the United States Court of Claims in proceedings instituted and conducted for that purpose under rules prescribed by the court.

"Sec. 22. (a) All general penal statutes relating to the larceny, embezzlement, conversion, or to the improper handling, retention, use, or disposal of public moneys or property of the United States, shall apply to the moneys and property of the Corporation and to moneys and properties of the United States intrusted to the Corporation.

"(b) Any person who, with intent to defraud the Corporation, or to deceive any director, officer, or employee of the Corporation or any officer or employee of the United States, (1) makes any false entry in any book of the Corporation, or (2) makes any false report or statement for the Corporation, shall, upon conviction thereof, be fined not more than \$10,000 or imprisoned not more than 5 years, or both.

"(c) Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Corporation or wrongfully and unlawfully to defeat its purposes, shall, on conviction thereof, be fined not more than \$5,000 or imprisoned not more than 5 years, or both.

"Sec. 23. To aid further the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and of such adjoining territory as may be related to or materially affected by the development consequent of this act, and to provide for the general welfare of the citizens of said areas, the President is hereby authorized by such means or methods as he may deem proper within the limits of appropriations made therefor by Congress, to make such surveys of and general plans for said Tennessee Basin and adjoining territory as may be useful to

the Congress and to the several States in guiding and controlling the extent, sequence, and nature of development that may be equitably and economically advanced through the expenditure of public funds or through the guidance or control of public authority, all for the general purpose of fostering an orderly and proper physical, economic, and social development of said areas; and the President is further authorized in making said surveys and plans to cooperate with the States affected thereby.

"Sec. 24. The President shall from time to time, as the work provided for in section 23 progresses, recommend to Congress such legislation as he deems proper to carry out the general purposes stated in said section and for the especial purpose of bringing about in said Tennessee drainage basin in conformity with said general purposes (1) the maximum amount of flood control; (2) the maximum development of said Tennessee River for navigation purposes; (3) the maximum generation of electric power consistent with flood control and navigation; (4) the proper use of marginal lands; (5) the proper method of reforestation of all lands in said drainage basin suitable for reforestation; and (6) the most practical method of improving agricultural conditions in the valleys of said drainage basin.

"Sec. 25. For the purpose of securing any rights of flowage, or obtaining title to or possession of any property, real or personal, that may be necessary or may become necessary, in the carrying out of any of the provisions of this act, the President of the United States is hereby authorized to enter into contracts with the owner or owners of such rights or such property, and to provide for the payment of same by delivery of hydroelectric, steam, or other power generated at any of the plants now owned or hereafter owned or constructed by the Government or by said Corporation. Any such contract made by the President of the United States, or under his direction and approved by him, shall be carried out by the board.

"Sec. 26. The Corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights of way which in the opinion of the Corporation are necessary to carry out the provisions of this act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right of way, or other interest is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America.

"Upon the filing of a petition for condemnation and for the purpose of ascertaining the value of the property to be acquired, and assessing the compensation to be paid, the court shall appoint three commissioners who shall be disinterested persons and who shall take and subscribe an oath that they do not own any lands, or interest or easement in any lands, which it may be desirable for the United States to acquire in the furtherance of said project, and such commissioners shall not be selected from the locality wherein the land sought to be condemned lies. Such commissioners shall receive a per diem of not to exceed \$15 per day for their services, together with an additional amount of \$5 per day for subsistence for time actually spent in performing their duties as commissioners.

"It shall be the duty of such commissioners to examine into the value of the lands sought to be condemned, to conduct hearings and receive evidence, and generally to take such appropriate steps as may be proper for the determination of the value of the said lands sought to be condemned, and for such purpose the commissioners are authorized to administer oaths and subpoena witnesses, which said witnesses shall receive the same fees as are provided for witnesses in the Federal courts. The said commissioners shall thereupon file a report setting forth their conclusions as to the value of the said property sought to be condemned, making a separate award and valuation in the premises with respect to each separate parcel involved. Upon the filing of such award in court, the clerk of said court shall give notice of the filing of such award to the parties to said proceeding in manner and form as directed by the judge of said court.

"Either or both parties may file exceptions to the award of said commissioners within 20 days from the date of the filing of said award in court. Exceptions filed to such award shall be heard before three Federal district judges unless the parties, in writing, in person, or by their attorneys, stipulate that the exceptions may be heard before a lesser number of judges. On such hearing such judges shall pass de novo upon the proceedings had before the commissioners, may view the property, and may take additional evidence. Upon such hearings the said judges shall file their own award, fixing therein the value of the property sought to be condemned, regardless of the award previously made by the said commissioners.

"At any time within 30 days from the filing of the decision of the district judges upon the hearing on exceptions to the award made by the commissioners, either party may appeal from such decision of the said judges to the circuit court of appeals, and the said circuit court of appeals shall upon the hearing on said appeal dispose of the same upon the record, without regard to the awards or findings theretofore made by the commissioners or the district judges, and such circuit court of appeals shall thereupon fix the value of the said property sought to be condemned.

"Sec. 27. All appropriations necessary to carry out the provisions of this act are hereby authorized.

"Sec. 28. All acts or parts of acts in conflict herewith are hereby repealed.

"Sec. 29. The right to alter, amend, or repeal this act is hereby expressly declared and reserved."

Mr. RANKIN. Mr. Speaker, that motion will be pending in the morning?

The SPEAKER. That will be the business pending.

CURRENCY INFLATION

Mr. LAMNECK. Mr. Speaker, I will not take a great deal of time. There is no question but that we are off of the gold standard and we have embarked on a plan of temporary inflation. [Applause.]

I do not have any criticism of such procedure, but I am considerably concerned about what position we are to be in when we are called upon to consider the problem of going back onto the gold standard, and it is on that subject that I desire to address the House this afternoon.

There are price levels that cause depression and there are price levels that bring prosperity. America can have sound money under American control and can offset foreign manipulation of money values under the simple plan in H.R. 1577, quoted in full in these remarks.

It is now 4 years since our so-called "depression" started. Since that time more tragedy has been written into the affairs of man than in any like period during times of peace in the history of the world. More destruction has taken place than during many periods when the nations of the world were engaged in war. We have tried many relief measures without avail. Without a single exception, all these measures deal with the effects and not with the cause of the depression.

When Mr. McCORMACK, of the Ways and Means Committee, on May 2, was questioning Mr. Janney, who is known to many of the Members of this House because of his testimony before the various committees and his published statements on economic affairs, Mr. Janney replied:

I would get the cause of the trouble firmly before my view, and then I would remedy the cause.

By reference to pages 726 and 727 of this hearing before the Ways and Means Committee can be found his analysis of the cause of this depression, which up to now, so far as I know, stands not only unchallenged and uncontradicted but fully supported by record evidence from everything that I have been able to gather on this subject.

Such legislation as we have passed in this Congress up to now will not cure this depression because it does not deal with the cause of the depression. Some small temporary aid was had by some at the expense of others of our citizenship from this legislation, but no cure was effected because the law of cause and effect has not been our guide.

The Congress of the United States must realize that there is an economic war going on in the world and the issue in this economic conflict is to fix the commodity price level. If the United States cannot find a remedy, or rather I should say if the United States cannot work out a strategy in this economic conflict, which gives us the power to fix the commodity price level at the point that will restore prosperity in the United States, then I warn you that foreign nations will fix it for us in an international conference. And we will not know until long afterward what we have done. And then all these so-called remedies that we are dealing with will fall like a house of cards and add to the wreckage that we now have when we come to restoring normal conditions in the United States.

In all previous depressions there has been a choice between two courses of action, one to allow liquidation to run its course with all the disastrous consequences it entails—the other course is to arrest the fall in the value of property by adding to the money volume and thus increasing the value of property, or, in other words, to lower the value of money.

The situation is different in this depression from what it has been in other depressions. Investigation of Congress, as I find from a study of its records, makes very clear, and the proof is uncontradicted, that this depression is the result of foreign nations passing laws to affect the

value of our gold dollar combined with the fact that the United States of America has made no counter move to protect it in this situation. There is, therefore, present in this situation a third course of action, which is to adopt an American plan that will be defensive and will protect our position in the matter of the price level by defending gold values from manipulation.

If we continue to follow the course of liquidation we can expect the following results: Debts will have to be reduced or completely wiped out by bankruptcies or foreclosures. Such procedures will require at least 10 years to complete. As a result of such policy, farms, homes, and other property will be for sale at ridiculous prices. No building will take place during this period. All industries dependent on building operations will be closed or they will be run at low capacity. Public debt will increase because of decreased revenue. Some, if not all, political subdivisions will no doubt be compelled to default on their interest and sinking-fund charges. Bank deposits will decline from fear, low-interest rates, and so forth. More banks will fail, more businesses will fail because of lack of credit. Interest rates will be lower for safe securities but interest rates will be higher for business and agriculture—all because of the precarious business conditions.

Fire-insurance policies will be reduced and rates increased. Other prices and fees will fall, such as freight rates, telephone charges, newspapers, doctors, dentists, and attorney's fees. Large numbers of business concerns will pass out through bankruptcy. Capital investments in all forms will be written down.

We must either be prepared to endure this tragic situation with all of the unforeseeable conditions it will entail or else we must adopt a movement in the counter direction which will be sane, sound, and effective—one that will treat with the cause of the difficulty.

Where does our wealth come from in this Nation? In the United States we produce \$18,000,000,000 a year yielded up from our agriculture and other resources. In the last 3 years the profits from the production of this new wealth have been completely wiped out. Definite causes have produced this result, causes which have led to the closing of the markets of the world. Our exports of the surplus of these productions cannot go out to people in need of them and this same surplus of our productions which should be the basis of our continued prosperity must remain at home to break down our markets and destroy our profits. Is there anything mysterious about this? Then why can we not deal with it as a basic problem? And why can we not consider that these same causes have also closed the central banks of the nations with whom we have dealt in our foreign trade, thus making commerce impossible with them, and at the same time have accomplished a third result by so increasing the value of gold from which our dollar is made that it takes nearly twice as much in commodities to buy a given amount of gold dollars as the average over a period of years?

We should recognize the gravity of such a situation by studying the causes that have produced these results. Any other attitude will discredit our leadership to such an extent that the people may take the matter into their own hands—we must not allow such a cause to continue. When we apply temporary measures or measures that are alleviative in their nature and that do not cure the cause of the trouble, we are merely trifling with natural law. We are denying our confidence in law and we are worshiping false gods.

I repeat what I have said before—there is an economic warfare going on in the world and all that we hear about is some program that will bring relief in this difficulty. Why not adopt a defensive measure in this economic conflict? Why not work out an American plan that will control permanently the price level and defend the United States from this type of depression? In that way we can avoid all the misery and devastation we are now witnessing. We cannot only relieve present conditions but a measure can be put forward to protect us from future catastrophes of this kind. Where is the boasted ability of American financiers and American statesmen? We owe it to our constitu-

ents and to future generations that we include in any plan we decide upon such a control of money values that will prevent foreign countries from bringing about such conditions in the future. Why should we permit foreign countries to manipulate our monetary system? Why do we sit idly by and permit them to do this thing? Why do we hear so little on the floors of Congress that tends to educate its Members or the public of this country in the matter of a defensive economic policy?

Is there any defense for us in this situation, and must we admit that an international arrangement must be had to make permanent this foreign control of our economic destiny?

Why can we not speak out in this matter of wresting the control of our prosperity away from foreign nations? What is the reason for so much silence and so much confusion on this question? Why is it the European viewpoint is so often and so freely advanced and the American viewpoint is silenced?

It would be very different if a committee of the House had not studied this question and built up a record that is the most enlightening of any in the records of Congress on this subject and that conclusively proves what I have said. European nations are destroying our prosperity. This is established by the statements of men that are among the leading men of Europe today, both in statements made before their investigating commissions and statements made on the floor of their parliament. They are exploiting us, and those of us who would defend this situation cannot be heard to speak even in our own Congress.

There is no doubt whatever that the United States has completely failed to enact any measures that have any such control on commodity prices as those European nations have exercised. If they take action which depresses world commodity prices, or in other words which increases the purchasing power of the ounce of gold, why do not we take action to protect the commodity price level or to prevent the increase in the purchasing power of the ounce of gold? Such action is open to us. Such a defensive measure is possible to us. A bill to effect this rests in Congress with an imposed silence—why do we not subject it to debate? Why this imposed silence?

I cannot answer satisfactorily to myself why it should be—but there seems to be an effort to prevent the Congress of the United States from even debating a plan that will defend this Nation from the specific and definite things that have caused this terrific cataclysm of depression—the only discussions I hear are those which would make us vassals to those European nations by surrendering to them by way of an international conference at least a part of our independence of action, and in return for this we will concede to them the right to continue to exploit us.

When the colonies of Great Britain complained of this exploitation, as it applied to them, it resulted in the conference at Ottawa, at which conference various concessions and advantages were yielded up to the colonies in return for this manipulation of price levels. But no advantage was given up to the United States, and the manipulations that affect our wealth and our prosperity still continue. It not only continues, but the silence still continues on the only measure that is now before this Congress that provides an effective American plan and an American remedy. I will read this bill, but first I will say that every effort that has been made to discuss this bill and the way it has been side-tracked with the administration has so far resulted in complete failure, and on some other occasion I will hope to bring before the Congress the efforts that have been made to bring this matter up for explanation and discussion with the administration without any success.

A bill to preserve and protect the gold standard through establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold value equivalent and under such regulations as will provide protection to gold from being cornered and protection from inflation in gold values during periods of excessive demands

Be it enacted, etc., That it is declared to be the purpose of this act (1) to safeguard the gold standard and prevent it from becoming a false and uncertain measure of value; (2) to restore gold to

its former use as a dependable measure of value; (3) to relieve business from such disasters as we now see accompanying the distortion and shifting in the purchasing power of the gold dollars, and, in order to avoid such disasters in the future, to cause to be set up, in competition with gold, another element of value in the reserves of the Treasury of the United States, and for this purpose to authorize the purchase of silver and the placing of it in the reserves of the Treasury, maintaining the single gold standard as a measure of its value, and to provide for its purchase in such amounts as will safeguard the dependability and the integrity of gold as a yardstick of value; (4) to set up a definite monetary use for silver so employed by issuing against this silver a storage receipt or certificate of deposit exactly the equivalent of our present gold certificates; and (5) to make such certificates legal tender.

SEC. 2. The Secretary of the Treasury is authorized and directed to immediately proceed to purchase silver bullion in amounts as hereinafter provided and to deposit silver bullion in the Treasury of the United States as an auxiliary reserve to the present gold reserve, and to issue, for the account of the Treasury of the United States against the silver so deposited, certificates of deposit payable to bearer on demand, which in effect shall be equivalent to the present gold certificates issued by the Treasury of the United States, and which shall be a certificate of deposit rather than a credit obligation, and which shall recite on the face of the certificate: "This certifies that there has been deposited in the Treasury of the United States of America \$ _____ in silver, payable to the bearer on demand." Said certificates shall also recite: "This certificate is legal tender in the amount set forth on the face hereof for the payment of all debts and dues, public and private." Certificates shall be issued in denominations of \$1,000, \$100, \$20, and \$10, and in an aggregate amount which shall equal but shall not exceed the amount paid out from the Treasury of the United States in the purchase of the silver bullion that shall have been deposited.

SEC. 3. The silver certificates issued under this act are hereby made legal tender and shall be accepted at their full face value for all debts and dues, public and private, of every nature and description, within the United States of America, and when accepted by the Government shall be reissued and in all respects shall be a part of the lawful money of the United States.

SEC. 4. The silver purchased under this act shall be paid for in silver certificates as provided for in this act, or in lawful money of the United States.

SEC. 5. The Secretary of the Treasury shall have placed at his disposal for the purposes of this act \$150,000,000, which is hereby appropriated for this purpose, to be used as needed in carrying out the provisions of this act, and the amount, when no longer needed for the purposes of this act, shall be paid back to the Treasury of the United States in silver certificates herein provided for.

SEC. 6. The Secretary of the Treasury shall purchase silver at the lowest obtainable price in the markets of the world wherever the silver certificates to be issued under this act shall be accepted in payment therefor. The Secretary of the Treasury is authorized and directed to open negotiations for contracts which shall provide for future deliveries of silver when, in his judgment, this will enable him to secure silver to better advantage to the Treasury in the matter of price. The bullion purchased under this act shall be stored in the Treasury of the United States in blocks or bricks of standard and uniform fineness and in convenient units by weight and stamped by authorized official stamp, as may be determined within the discretion of the Secretary of the Treasury; and upon presentation for redemption by the bearer of the silver certificate provided for in this act, there shall be delivered upon demand an amount of silver equal to the gold equivalent of the face value of the certificate at the market price of silver as of the day prior to the date of presentation.

SEC. 7. The first 150,000,000 ounces of silver provided for in this act shall be purchased or contracted for within 4 months from the passage thereof. An additional 250,000,000 ounces shall be purchased or contracted for before the expiration of 12 months from the passage of this act, and the remaining silver to be purchased under this act shall be purchased as it may be required under the following rising scale of prices:

That the Secretary of the Treasury, after the purchase of the 400,000,000 ounces aforesaid, shall be, and he is hereby, directed and instructed to purchase silver bullion as provided in this act whenever the market price of silver bullion per ounce does not exceed by 3 cents an ounce the daily average market price per ounce of the preceding 90 days; and he shall continue to so purchase until 371½ grains of fine silver reaches a parity in value with 25⅞ grains of gold nine tenths fine; and it shall be his duty to resume purchasing silver bullion whenever it may be obtainable at or under the price of \$1 for 371½ grains of fine silver: *Provided, however,* That in no case shall the amount of additional silver purchased during any succeeding period of 12 months exceed in amount a total aggregate of 200,000,000 ounces for that year nor shall it exceed 100,000,000 ounces per year for any year after the total amount of silver purchased under this act shall aggregate 1½ billion ounces.

SEC. 8. After 3 years from the passage of this act, in order that the stability of gold may be more completely assured, the Secretary of the Treasury shall continue to purchase silver for the use as herein provided (a) whenever silver may be purchased on the silver market under the price of 371½ grains of fine silver for \$1 of gold or (b) whenever the average price of commodities in the United States shall be under the scale of 100 in the com-

modity price level of the United States Bureau of Labor Statistics: *Provided, however,* That the maximum price paid for silver in such case may not exceed its value at the ratio of the world's supply of monetary silver to monetary gold as found by the survey of world accumulations of these metals which the Secretary of the Treasury is hereby authorized and directed to cause to be made and which until such survey is completed is hereby placed at 14⅞ to 1: *Provided further,* That in no case shall the amount of silver purchased under this section of the act, combined with that purchased under other sections of the act for any 1 year, exceed 100,000,000 fine ounces.

SEC. 9. The Secretary of the Treasury is authorized and directed to make rules and regulations for carrying out the provisions of this act and the intent thereof, which is to stabilize the purchasing power of gold by the use of silver in reserves as hereinbefore provided, and shall make full and detailed reports to Congress at regular 90-day intervals as to his operations under this act.

As to this bill, I wish to make the following remarks: This bill puts silver in reserves and maintains the gold standard as a standard of measure. It takes note of the distinction between gold as a standard and gold as a money or reserve. This is the key to the control by America of depressions, because it gives control to the United States of the value of gold, or the commodity price level, by controlling the demand—supply ratio of gold. This is the same thing as saying that stability to price levels in terms of money is arrived at under this bill. By reinstating confidence in reserves it reinstates normal functioning powers of South American and Asiatic countries. It not only adds the \$3,000,000,000 in value to the money of the world, which is the amount that was destroyed by England in 1928-29, but it gives the power to the United States to add \$3,000,000,000 more, or such amount as necessary, of gold values to the world's stock of silver. It acts just as if additional gold mines were opened, with America in control of the amount of gold that could be produced from these mines, for it makes silver have an increased value all over the world. It restores to the silver monetary stocks of the world a dependable value for money purposes in all the banks of the world, and it gives to the United States the control of the value of this silver so that under this bill the United States has the power to control the value of the money metals of the world. Until this bill is enacted, England has had this power, and neither changing the gold content of the dollar nor any other remedy yet proposed takes this control away from England and gives the power to the United States. Every remedy yet proposed leaves this power in the hands of England.

I consider this a sound measure, admirably adapted to our present requirements. Such a bill would restore prosperity to the United States to such an extent as has never before been equaled, and it would represent a normal and stable condition and not a condition of inflation. We would still have speculative reactions on a small scale, but the repercussions from speculative booms could never result in an economic break-down such as we now have. The United States could then go forward and occupy the supreme position to which it is entitled because of its enormous natural resources and its splendid factory equipment.

This bill is based on principles and findings that are set out in the Coinage, Weights, and Measures Committee's report of May 14 to Congress. They take advantage of and mobilize the information contained in this report to the effect that foreign nations have manipulated upward the value of gold and to that extent destroyed our property values and profits, and that this depression we are now going through is the result of legislative enactment of foreign nations.

In this bill you counter foreign legislation and neutralize it, you increase the value of property by exactly the same, though reverse action, as that by means of which this depression has been brought about.

The United States of America, under this bill, is placed in control of the value of money in terms of property, or, to say it in another way, the value of property in the terms of money. The United States is protected from further aggressions of foreign powers in this type of destruction of our property values. We can then enjoy freely the great prosperity which comes to us through our great natural resources, and we can completely revive our great home market for our manufactured goods. This bill restores our

railroad tonnage, it revises the value of railroad securities, it opens the credit facilities of foreign banks of customer countries. It revives our foreign commerce, and it will save the tragedy that is bound to follow from the tamperings with our individualistic or capitalistic system that are bound to come if such protection as this bill affords to our Nation is not provided.

The most remarkable feature of this bill and the plan it employs is this: I have discussed the subject with many students of such questions, and I have never heard any objections seriously advanced, and no objection has been seriously urged in the hearings. It seems to be without serious flaw or defect either in principle or in operating details. It places before the Nation the issue of whether or not we wish to continue the depression. It brings the vital issue of this time to a focus.

I wish especially to bring to the attention of the House the fact that this bill does not set up any monetary use that is not now in operation in the world—there is no experiment here. There is no double standard of measure. We adhere to the single gold standard for the purposes of a unit of value, and yet we give silver the position in our monetary system that puts silver in competition with gold, that affords a controlled use to which we can apply it definitely in our monetary system. We give silver the function of a "metal of ultimate redemption", thus restoring silver to its necessary position as having a definite monetary use. Also, I wish especially to point out that this use of silver is identically the use that is now given in England to gold as a metal of ultimate redemption by means of which England has controlled the value of sterling and captured world markets.

By this I mean to say that the amount of gold that can be purchased at the present time in England for a given amount of sterling exchange would represent a variable amount of gold but approximately a stable amount of value in terms of commodities.

Under the Constitution of the United States, Congress is required to coin money and "regulate the value thereof." There is one tried and proved method for regulating the value of money and that is the method that England now uses.

To change the gold content of the dollar is not a tried and proved method. It is, moreover, difficult to understand how this method can be applied without destroying confidence both in contracts and in money values where money is used as a storage of capital or of wealth. I am not going into the question at this time further than to point out what is and what is not a tried and proved method of controlling the value of money.

Under this bill the United States of America becomes an active factor in regulating the value of its money as under the Constitution it is required to do, and this is the only method by which the value of money can be regulated if we are to follow the approved practices of the nations of the world that have successfully controlled their money values.

After writing to 140 leading economists in every State of the United States, asking for criticism of this bill, not a single serious objection has been urged and no objection has been urged to it which cannot be urged to monetary systems that are now successfully operating in the world. This plan makes the United States independent of foreign nations in the control of its prosperity, which gives us a continuous and permanent price level that in its average will be approximately uniform. It prevents the manipulation of our money in foreign markets, and it gives freedom and independence not only to us but to many other countries of the world with whom we engage in foreign commerce with whom we can trade freely and so bring prosperity to our farmers and other producing industries in the country, and prosperity to them will again restore the home market for our manufactured goods.

Can anyone explain the reason why this matter cannot be discussed freely upon the floor of Congress and freely presented by the Members of Congress who have made a close study of this question to the executive branch of the Gov-

ernment? So far we have failed to produce any remedy that can even be claimed to deal with the cause of this depression. Why can we not seriously consider and seriously debate this remedy? It deals directly with the cause and gives our Government control over it. However, we limit that control to preserving the 1926 price level. But we take the control away from a use it now has in the hands of other nations for bringing about depression. Who is there in Congress who can object to this?

No valid reason against the bill has yet been advanced. Why can we not give it free debate and free discussion on the floor of this House with adequate time for those of us who have studied this bill to explain it and answer questions from those who have not?

THE VETERANS' ECONOMY LAW ANALYZED—EXTENSION OF REMARKS

Mr. HOEPEL. Mr. Speaker, I have made an analysis of the Veterans' Economy Act and the regulations. I ask unanimous consent to place this in the RECORD.

Mr. GOSS. Mr. Speaker, reserving the right to object, are they the gentleman's own remarks?

Mr. HOEPEL. They are my own remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOEPEL. Mr. Speaker, in order that those who favored economies at the expense of the veteran may understand just how these economies are being effected and the results thereof, the following analysis of the law is submitted, showing its inequalities, injustices, inhumanities, and glaring inconsistencies.

Instead of establishing or initiating a uniform and humane method of application in the award of pensions or gratuities to our veterans and their dependents, it is found that the racketeering program of the Veterans' Administration has been perpetuated in the same manner as has heretofore existed. Instead of applying economies in a sensible, humane, and just manner, all the old injustices and favoritism for certain classes of veterans continue to exist.

For instance, the veterans who volunteered for service in the Philippine insurrection and who enlisted in response to the call for such service are removed from the pension rolls without any recourse whatever unless they actually participated in service in China or the Philippines. In other words, men who entered the service as volunteers, with no other purpose in mind than to serve their country in battle, will be peremptorily removed from the pension rolls because they did not serve on foreign shores. These men are not even entitled to the pittance of \$6 per month after attaining the age of 62 years. Veterans of the World War who were inducted or drafted into service prior to November 13, 1918, and others who were drafted but who never entered the service are granted equal benefits for disease or injury incurred in line of duty during the World War, whether they left the United States or not. Thus, unlike the Spanish War veteran, the World War veteran who did not leave the city of Washington is granted the same and equal disability benefits with men who suffered disabilities in the trenches. It is not understood why the Veterans' Administration would so abjectly discriminate against volunteers who enlisted specifically for service in the Philippines and, at the same time, favor the men who were inducted or drafted into service, both groups having served during a war period. To penalize one group which did not leave American shores and to favor the other group, which also did not leave American shores, is an inequality of a drastic nature, tragic in its effect, favoring, as it does, the youthful veteran and discriminating against the aged volunteer who has only a few more years to live!

Widows and dependents of the men who volunteered for service in the Philippine insurrection but who, through the exigencies of the service, failed to actually participate therein, will also be peremptorily removed from the pension rolls. They are not even permitted the pittance of \$15 per month granted to widows of Spanish War veterans.

Outstandingly unfair is the further application of the new Veterans' Administration regulations wherein veterans who served 2 years or more in the Philippines and who are 99 percent disabled (non-service-connected) are now prohibited from receiving any pension. Notwithstanding they are aged and infirm and unable to provide for themselves, these men, who suffered the hazards of battle and made continuous sacrifices during the 2 years of their arduous service in the Philippines, are today forced to appeal to public charity, merely because they cannot prove service-connected disabilities. If they are past 62 years of age, a mere pittance of \$6 per month is authorized for them.

In comparison, we find childless widows of such veterans granted \$15 per month. In other words, the man who suffered and sacrificed and offered his life repeatedly is thus peremptorily removed from the pension rolls, while the widow of a veteran of the same class, who, perhaps, married him on his deathbed, continues to receive a pension, provided the marriage took place prior to September 1, 1922.

Another glaring inconsistency is that veterans, totally disabled, but whose disabilities are not service-connected, receive only \$20 per month, which is insufficient to maintain them and is less than many States provide for their indigent aged citizens who did not serve in war. In addition, if a totally disabled veteran, receiving \$20 per month, has an income from any other source aggregating \$1,000 per annum, the pension of \$20 per month is taken from him. This income restriction also applies to widows receiving \$15 per month.

In view of the fact that the veteran's disability, while not provable as service-connected, is clearly, in many instances, a result of service, such a deduction is obviously unfair. Veterans known to the writer, who have served in 2 or 3 wars and who carried their disabilities without applying heretofore for pension, are thus forced, in a sense, to declare themselves paupers in order to become eligible for a pension for disabilities attributable, if not directly connected with, their service in war.

Spanish War veterans with 89 days' service, discharged for partial disability incurred in service and who are today totally disabled, actually receive less pension under the new law than does a Spanish War veteran, today totally disabled, who served 91 days and who left the service in perfect health.

Civil War veterans with 90 days' service and Indian War veterans with 30 days' service only, who did not serve in combat and who have no service-connected disabilities, suffer a loss of 10 percent only in their present pensions. Widows of such veterans also suffer a reduction of only 10 percent in pension. The Spanish War, Philippine-insurrection, and World War veterans who served in combat and who are 99 percent disabled (non-service-connected) are entirely removed from the pension rolls. The widows of such veterans are permitted a pension of \$15 per month, which represents a reduction of 50 percent of their present rates. The widows, however, of such World War veterans are entirely denied a pension.

PENSION PAYMENTS FOR DISABILITY OR DEATH INCURRED IN PEACE-TIME SERVICE

In some instances, pensions for peace-time disabilities are increased, the increase, however, being entirely disproportionate with the rates received for the same disabilities suffered during the World War by men who remained safely at home.

More specifically, a veteran who enlisted November 11, 1918, and who served 90 days, if totally disabled in service, receives \$80 pension, whereas a veteran who enlisted November 13, 1918, and who likewise is totally disabled, receives only \$30 pension, notwithstanding that both may have been injured in the same manner, at the same place.

Peace-time veterans who lost sight of both eyes receive only \$87 per month, whereas similarly disabled war-time veterans, who did not leave the United States, receive \$175 per month.

Regardless of the degree of disabilities incurred in service, peace-time veterans are excluded from Veterans' Adminis-

tration facilities in soldiers' homes and hospitals. Peace-time veterans who left the service with or without disabilities, if now disabled and not able to pursue a gainful occupation, are freely admitted to the United States Soldiers' Home. Thus, the United States Soldiers' Home is more liberal in its entrance requirements for peace-time veterans than is the Veterans' Administration.

Men who lost their eyesight in service suffer a reduction of 38 percent in pension under the new law.

Widows of peace-time veterans, as well as all other widows, appear to be especially favored in the new regulations. For instance, widows of deceased peace-time veterans receive only 25 percent less pension than do widows of veterans killed or who died as a result of battle. Peace-time veterans receive, for total disabilities, approximately 166 percent less than do veterans disabled in time of war who did not leave the United States.

WORLD WAR VETERANS' DISABILITY AND DEATH BENEFITS

World War veterans are granted a presumption of service connection of chronic diseases which became manifest to a 10-percent degree or more within 1 year after separation from the service, with a proviso that the Government is authorized to rebut such presumption. Inasmuch as many of the most deserving World War veterans did not advance their service-connected disabilities within 1 year and others only advanced them after the stock-market debacle of 1929, it is quite apparent that thousands upon thousands of worthy emergency officers and enlisted men of the World War, directly or presumptively service-connected, will be peremptorily removed from the pension rolls.

In instances of presumptively service-connected cases, where the veteran has since died, the widow and other dependents of such veteran will also be removed from the pension rolls. This feature is one of the most objectionable of the entire new economy regulations, as no rebuttal evidence is obtainable where the veteran has succumbed to what he averred and which were officially recognized as presumptively service-connected disabilities but which were not advanced within 1 year of discharge.

Men who are as much as 100 percent disabled from battle casualties, under the new rating schedules, will have their present disability awards reduced 20 percent or more, and in addition they also will lose the family dependency allowances which heretofore applied. Thus, in many instances, the total loss to battle-disabled enlisted men may average as high as 40 percent or more.

Pensions for widows and dependents remain as heretofore, with the exception as stated above, through which dependents of World War veterans who died with presumptively service-connected disabilities will be removed from the rolls.

Another vital change reduces the limitation of pension age for World War veterans' children from 21 years to 16 years. In other words, while children are not self-supporting, and while they are yet compelled to attend school in most States, the benefits heretofore provided by the Government for them are withdrawn. This is especially inhuman where it applies to children who were bereft of a breadwinner owing to the death of their father in battle. Furthermore, widows who lost their husbands in battle or as a result of combat should be granted more pension than widows who married 10 or more years after the war, recognizing at the time of marriage that their husbands were disabled and their tenure on life more or less restricted. In many instances nurses married such veterans on their deathbeds; and, under the unfair application of the new regulations, these widowed wives of 1 day receive an equal pension with those who lost their loved ones in the supreme sacrifice on the battlefields of France.

Another innovation in the new regulations provides pensions for draftees who were not accepted for service, on an exact equality with men who served and were disabled in action.

HOSPITALIZATION AND DOMICILIARY CARE FOR WAR VETERANS

The new regulations provide hospitalization for direct service-connected veterans when hospitalization is required

for such service-connected disabilities only. In such instances transportation is paid to and from the hospital by the Government. The thousands upon thousands of veterans today receiving compensation for presumptively service-connected disabilities will have absolutely no hospitalization privileges under the new regulations, notwithstanding that, in the majority of instances, the disabilities these men suffer were incurred in service but not advanced by them within 1 year after their discharge. More specifically, the patriotically minded emergency officers and enlisted men who failed to advance their disabilities within the prescribed period, who carried their disabilities within their own hearts, and who only applied for benefits when their breakdown became more pronounced or their finances restricted, are thus unfairly barred from obtaining hospitalization which by every right should be accorded to them.

The non-service-connected disabled veterans must be permanently disabled and have no means of support before hospitalization is granted to them; or, in other words, they must be paupers before the Veterans' Administration will permit their hospitalization, even though, as in the thousands of cases of Spanish War veterans, their disabilities are positively due to service in the tropics, the eating of embalmed beef, and the result of improper or inadequate sanitary provisions.

Peace-time disabled veterans are not permitted entry to Veterans' Administration hospitals or soldiers' homes.

Most objectionable and unfair is a provision in the new regulations which denies a totally disabled emergency officer or enlisted man more than \$15 per month while he is undergoing treatment for battle-connected disabilities. In other words, an individual who has made almost the supreme sacrifice and who requires treatment to assuage or alleviate his suffering, finds his pension reduced to the pittance of \$15 per month. This same restriction prevails where such battle-disabled veterans are members of a soldiers' home. However, in such instances, where the refuge is of a permanent nature, there may be some excuse, with our present national deficit, for such a restriction, but by no stretch of the imagination is such limitation on pension within the bounds of common sense or justice for those who are seeking surcease from disabilities incurred in combat with an enemy. Whether a disabled veteran is single or married, his disability, his reduced earning power and his right to the pursuit of happiness are just as vital in either case, and the regulation which today denies a single veteran his pension while undergoing treatment is an abrogation of the principles of justice inherent in the hearts of true Americans.

The further provision in the new law that totally disabled war veterans who cannot prove service connection and who are in receipt of \$20 per month arbitrarily have their pensions reduced to \$6 per month while in a Veterans' Administration hospital or soldiers' home is also inconsistent with clearly demonstrable facts.

The majority of veterans of the Spanish-American War who cannot prove service-connection, and who will thus have their pensions reduced to \$6 per month, suffer with disabilities directly or indirectly traceable to the fever camps of the South or rigid service in the Tropics. To reduce these men to \$6 per month while they are in a Veterans' Administration hospital or soldiers' home and to further require that they purchase their own clothes from this \$6 is an affront to the patriotic veterans of all wars and to the patriotic instincts of the American people.

Under the application of the provisions for hospitalization and domiciliary care is found the only instance where Spanish and World War veterans are equally considered with Civil and Indian War veterans. These two latter groups suffer reduction in pension to \$15 per month while receiving these facilities if their disabilities are service connected, and those not service connected receive only \$6 per month and must, in addition, purchase their required clothing from this pittance. This provision virtually reduces the pension of all Civil War veterans to \$15 per month while in a hospital and to \$6 a month while in a soldiers' home, and is a most

arbitrary economic innovation at the expense of those honorable defenders of our Nation.

Indian war veterans who served less than 90 days, but whose total service was more than 30 days, suffer no basic pension reduction. They are, however, denied hospitalization and domiciliary care unless their disabilities are service connected.

Enlisted men discharged in peace time for tuberculosis or neuropsychiatric ailments incurred in line of duty are absolutely barred from hospitalization or domiciliary care.

GENERAL SUMMARY

The new regulation, which provides that pension or emergency officers' retired pay shall be withheld from any person who is employed in any capacity by the Government, or by any corporation in which the majority of stock is owned by the United States, is palpably an injustice of the most virulent type. Under this regulation, a veteran whose physical condition is impaired in line of duty, or, for instance, who may have been disabled in air training or other activity directly connected with war, is prohibited from working for the Government in any capacity unless he relinquishes his pension or emergency officers' retired pay. This inhibition prevails whether or not the veteran may be employed at the most menial task in Government and earning less than \$1,000 per annum. Had this prohibition been written to provide a minimum salary exemption and had it been made to include all pensioners earning any income rather than to apply only to those in Government service, it might have been reasonable, considering the present status of the Treasury. Striking as it does, however, only at those who are employed by the Government, regardless of their compensation, it is a direct denial of the right of a disabled veteran to earn a livelihood at a recognized living standard in the service of the Government which he enlisted to protect from an alien foe. Especially inconsistent is this regulation, and unfair by every standard of common justice, inasmuch as wealthy widows who married their husbands years after the war, or perhaps on their deathbeds as many nurses did, if employed by the Government, continue to receive their pension, plus their civil compensation, whereas the veteran himself, who suffered injury and disability during the war, is denied the right to pension while so employed.

The new regulations which permit only 50 percent of pension or emergency officers' pay to veterans living outside of the United States is a gesture in the right direction; but when such reduction is made to apply toward men who risked their lives in battle and who are disabled as a result of such combat, it is a travesty on common justice. Our Government should do all within reason for those who suffered disabilities in actual combat with the enemy.

BURIAL PROVIDED FOR INDIGENT VETERANS ONLY

The new regulation, granting \$75 funeral and burial expenses, including transportation for the deceased veteran, is predicated upon the pauperism of the veteran. Even though a deceased veteran has indigent dependents, any moneys due him for pension or emergency officers' retired pay, and even a mere pittance of a few cents in his possession at death, must first be applied toward the amount of \$75 provided for burial. The Government will then make up any deficiency to provide the \$75 authorized by law. This regulation is, by some, considered as a regulation to rob the dead. If, perchance, the county, State, or some lodge or fraternity defrays the expense of burial for the deceased veteran, to an amount of \$75 or more, in that event, the Government does not defray any expense of burial of the deceased, and such assets as he may have had at the time of death, including pension due him, are turned over to his dependents.

As many counties and States provide burial for indigent veterans to an amount of \$125 or more, it is doubted whether the Government will ever be called upon to provide burial expense for indigent veterans since the counties and States appear to be more favorably inclined toward deceased veterans than is the Government which the veteran himself served in war.

It is provided, however, that if the veteran is buried as a pauper by the county, State, or municipality, the Government will at least furnish a flag for the burial, which is then turned over to the next of kin.

PENSION ATTORNEYS PROFIT AT EXPENSE OF VETERAN

Heretofore pay was not authorized for pension attorneys in presenting claims of World War veterans. Under the new regulations pension attorneys are authorized, the fee for services to be designated by the Veterans' Administration. This innovation constitutes a financial obstacle to the veteran in obtaining benefits due and adds to the administration of veterans' affairs a parasitic group who will profit at the expense of the veteran.

As benefits under the new law are easily obtainable by all veterans who had hospital records during war service, and are almost unobtainable or enmeshed with almost insurmountable obstacles for those who did not advance their disabilities during service or within 1 year after discharge, the application of this law tends to encourage malingering and shirking of duty. With this law accepted as the standard, soldiers of future wars (which God forbid) may find it incumbent and desirable to first obtain a medical history and to avail themselves of hospitalization at every opportunity for the purpose of protecting their interest and that of their potential dependents rather than to give the full measure of loyalty and duty characteristic of our defenders in the past, and for which they are today being penalized under the abolition of presumptively service-connected disabilities.

FINAL ANALYSIS

Limited space prevents the further discussion of many of the cumbersome and improper proceedings which were in the old law and which are continued in the new. The veteran question will not be adequately or properly solved until the present Veterans' Administration set-up is radically changed in the interests of efficiency and economy and a uniform scale of pensions established. In justice to the veteran, pensions should be predicated upon—

First. Disabilities incurred in combat.

Second. Disabilities incurred during a war period (directly and presumptively service connected).

Third. Disabilities incurred in line of duty in time of peace.

Fourth. Disabilities which the veteran is unable to prove as service connected after a liberal application of the presumptive provisions.

Fifth. Dependency (widows and other dependents).

If a uniform scale of pensions, hospitalization, and domiciliary care were predicated in accordance with the above classifications, the expense of administration would be most radically reduced, the proper and just awards and treatment accorded to our veterans would be standardized, and in that sense, accepted by the veteran with little or no disapproval. Such acquiescence cannot be expected in the present abortive law, which, in its application today, is merely a continuance of the old set-up in which the slash has been made indiscriminately, without proper consideration to the interests of the veteran or the taxpayer. Not only have our national defenders, in peace and in war, been the victims of a ruthless economy hysteria, which has apparently swept all reason and common sense aside, but the American people likewise, who are not unmindful of the sacrifices so generously made for the national defense, have been betrayed. When the chaotic effects of our financial debacle have passed, they will demand the enactment of a comprehensive veterans' program, not only meeting the needs of efficiency and economy in government but honoring the principles of justice and expressing the grateful appreciation of the Nation as well.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. GLOVER (at the request of Mr. DRIVER), on account of attendance at Annapolis as a member of the Board of Visitors.

To Mr. FIESINGER, indefinitely, on account of illness.

To Mr. LINDSAY, for the remainder of the week, on account of the death of his brother, John H. Lindsay.

MUSCLE SHOALS

Mr. McSWAIN. Mr. Speaker, I move the previous question on the motion to recommit.

Mr. RANKIN. Mr. Speaker, may I say to the gentleman from South Carolina I should like for him to withhold the ordering of the previous question until tomorrow, because we might come to some agreement about time to discuss this proposition, and I would rather he would not move the previous question.

Mr. McSWAIN. I do not mind withholding it, but I may say we cannot have any debate.

Mr. RANKIN. Why? There may be some change. Let us sleep over it.

Mr. BYRNS. Mr. Speaker, we have another rule on a matter that must be considered tomorrow.

Mr. RANKIN. I understand, but this is one of the most important questions with which this Congress will have to deal, I may say to the gentleman from Tennessee.

Mr. BYRNS. We have already discussed it 7 hours.

Mr. RANKIN. I understand that, but we did not get time to discuss this part of the bill.

Mr. McSWAIN. Very well.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. I understood the gentleman from Mississippi to say that he gave notice that he proposed to offer a motion to recommit. I did not understand he had offered it.

Mr. RANKIN. Yes; I may say to the gentleman from New York I did offer it and it is pending.

The SPEAKER. The gentleman from Mississippi offered a motion to recommit and it is pending.

ADJOURNMENT

Mr. McSWAIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 42 minutes p.m.) the House adjourned until tomorrow, Tuesday, April 25, 1933, at 12 o'clock noon.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4509) for the relief of George Henry Clayberger; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H.R. 4512) granting a pension to Harry C. Spring; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. LOZIER: A bill (H.R. 5203) to reduce to \$500 the maximum amount which may stand to the credit of any one person in a postal-savings account, and to reduce the rate of interest on such accounts; to the Committee on the Post Office and Post Roads.

By Mr. WHITE: A bill (H.R. 5204) to preserve and protect the gold standard through the establishment of an auxiliary monetary reserve of silver and the issuance of silver certificates payable in their gold-value equivalent and under such regulations as will provide protection to the gold standard and operate to restore and stabilize commodity prices; to the Committee on Coinage, Weights, and Measures.

By Mr. DIMOND: A bill (H.R. 5205) transferring the jurisdiction, supervision, administration, and control over the salmon and other fisheries of Alaska, except the fur-seal and sea-otter fisheries, from the Department of Commerce to the Territory of Alaska, and for other purposes;

to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. RUDD: A bill (H.R. 5206) to amend the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes"; to the Committee on the Post Office and Post Roads.

By Mr. WOOD of Missouri: A bill (H.R. 5207) to reduce from 16 hours to 12 hours the number of hours that employees of certain common carriers may be continuously on duty; to the Committee on Interstate and Foreign Commerce.

By Mr. SUMNERS of Texas: A bill (H.R. 5208) to amend the probation law; to the Committee on the Judiciary.

By Mr. DIMOND: A bill (H.R. 5209) extending the legislative power of the Legislature of the Territory of Alaska to include the game laws and laws relating to fur-bearing animals applicable to Alaska, and transferring the jurisdiction, supervision, administration, and control of the game and fur-bearing animals of Alaska from the Department of Agriculture to the Territory of Alaska, and for other purposes; to the Committee on the Territories.

By Mr. DICKSTEIN: Resolution (H.Res. 118) to provide for the assignment to the Committee on Immigration and Naturalization the suite of rooms in the New House Office Building, No. 1536, which has been tentatively assigned to, but not occupied by, the Committee on the Library; to the Committee on Accounts.

By Mr. BURKE of California: Joint Resolution (H.J.Res. 162) to amend the provisions of the Emergency Relief and Construction Act of 1932 relating to loans for reconstruction of buildings damaged by earthquake in 1933; to the Committee on Banking and Currency.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Territory of Hawaii, memorializing Congress to restore to the Public Utilities Commission of the Territory of Hawaii jurisdiction over certain public utilities; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Territory of Hawaii, memorializing Congress to provide the same pay, etc., for the adjutant general of the Territory of Hawaii as officers of corresponding grade of the Regular Army are entitled to by law; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H.R. 5210) granting an increase of pension to Sophia Snuffin; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5211) granting an increase of pension to Oscar Fields; to the Committee on Pensions.

Also, a bill (H.R. 5212) granting an increase of pension to Mary A. Dyer; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5213) granting a pension to Gregg Garrison; to the Committee on Invalid Pensions.

By Mr. BRUNNER: A bill (H.R. 5214) for the relief of Guiseppe Sperduto; to the Committee on Claims.

By Mr. CUMMINGS: A bill (H.R. 5215) granting a pension to Robert C. Humphrey; to the Committee on Pensions.

By Mr. DE PRIEST: A bill (H.R. 5216) for the relief of E. B. Gray; to the Committee on Claims.

By Mr. DISNEY: A bill (H.R. 5217) for the relief of T. L. Rippey, who suffered loss by fire in Josephine County, State of Oregon, during September 1924; to the Committee on Claims.

By Mr. DRIVER: A bill (H.R. 5218) for the relief of Felix Maupin; to the Committee on Naval Affairs.

By Mr. FORD: A bill (H.R. 5219) for the relief of Elijah C. LeCount; to the Committee on Military Affairs.

Also, a bill (H.R. 5220) for the relief of Squire Estes; to the Committee on Military Affairs.

Also, a bill (H.R. 5221) for the relief of George A. Gundelfinger; to the Committee on Military Affairs.

Also, a bill (H.R. 5222) for the relief of Earl E. Keen; to the Committee on Military Affairs.

Also, a bill (H.R. 5223) for the relief of Barney E. Wells; to the Committee on Naval Affairs.

Also, a bill (H.R. 5224) granting a pension to Sarah A. Willig; to the Committee on Invalid Pensions.

By Mr. GRISWOLD: A bill (H.R. 5225) granting a pension to Ula M. Hoover; to the Committee on Pensions.

By Mr. KURTZ: A bill (H.R. 5226) authorizing the Secretary of the Treasury to convey certain land, together with building thereon, to the city of Altoona, Pa., for a public library; to the Committee on Public Buildings and Grounds.

By Mr. McCORMACK: A bill (H.R. 5227) for the relief of James Francis O'Brien; to the Committee on Naval Affairs.

By Mr. RANDOLPH: A bill (H.R. 5228) to authorize the payment of hospital and other expenses arising from an injury to Florence Glass; to the Committee on Claims.

Also, a bill (H.R. 5229) for the relief of Jessie D. Bowman; to the Committee on Claims.

By Mr. STOKES: A bill (H.R. 5230) granting a pension to Mary R. Dillon; to the Committee on Invalid Pensions.

By Mr. WOOD of Missouri: A bill (H.R. 5231) granting a pension to Grace L. Horn; to the Committee on Invalid Pensions.

By Mr. GIBSON: A resolution (H.Res. 117) for the relief of Victoria M. Vodila; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

654. By Mr. ARENS: Petition of Railway Mail Post, No. 23, America Legion, Department of Minnesota, Corliss W. Resor, adjutant, favoring the placing of postmasters of the first-, second-, and third-class post offices under Civil-Service rules; to the Committee on the Civil Service.

655. Also, petition of Olga E. Hammerbeck, secretary Minnesota Farm Bureau Association, Little Falls, Minn., to retain the county-agent service; to the Committee on Agriculture.

656. By Mr. CARTER of California: Petition of approximately 170 employees of the Hazel-Atlas Glass Co., of California, protesting against the passage of the Black bill limiting labor to 30 hours per week; to the Committee on Labor.

657. By Mr. CRAVENS: Petition of Caddo River Lumber Co., Glenwood; residents of Norman, Amity, Rosboro, Mount Ida, Mauldin, Caddo Gap, Glenwood, Forester, and Glenwood Chamber of Commerce, Glenwood; Southern Pine Lumber Co. and David Wright, foreman, and 60 employees of Tennison Bros., of Texarkana; Oscar C. Parks, of Glenwood; Border Queen Kitchen Cabinet Co., Fort Smith, all of the State of Arkansas, protesting against passage of the Black bill, S. 158; to the Committee on Labor.

658. Also, petition of presidents and secretaries of seven locals of the United Mine Workers of America, and secretary-treasurer Arkansas State Federation of Labor, requesting support of Black 5-day-week bill, S. 158; to the Committee on Labor.

659. Also, petition of Eureka Coal Co., Dixie Fuel Co., New Shockley Coal Co., Superfuel Coal Co., Carbon Coal Co., Sullivan Coal Co., Jewell Mining Co., Paris Purity Coal Co., New Union Coal Co., Mack Coal Co., Comet Coal Co., Diamond Coal Co., Victor Coal Co., and Blue Ribbon Coal Co., of Paris, Ark., protesting against passage of Black bill, S. 158; to the Committee on Labor.

660. Also, petition of Southwestern Coal Co., Fort Smith; Logan County Marketing Co., Paris; Arkansas-Oklahoma Coal Operators' Association and R. A. Young & Son Coal Co., Fort Smith; Paris Purity Coal Co., Paris; 12 coal operators in Clarksville field; other Fort Smith mining and manufacturing interests; Hon. Henry Moore, Jr., Texarkana, all of

the State of Arkansas; and Continental Gin Co., of Memphis, Tenn., protesting against passage in the House of the Black bill, S. 158; to the Committee on Labor.

661. By Mr. ELTSE of California: Petition of the California Legislature, relative to the acceptance of the cemetery at Sawtelle, Calif.; to the Committee on Military Affairs.

662. By Mr. FORD: Petition protesting against discontinuance of services of Army engineers on harbor work; to the Committee on Rivers and Harbors.

663. Also, resolution from the Board of Supervisors of the County of Los Angeles, approving and urging favorable consideration and action by Congress on Senate bill No. 158, providing for establishment of 5-day 30-hour week; to the Committee on Labor.

664. By Mr. JOHNSON of Texas: Petition of George L. Roxburgh, president, and H. F. Borg, secretary, of the Corsicana (Tex.) branch of the Letter Carriers' Association, favoring President's 30-year compulsory-retirement measure; to the Committee on Appropriations.

665. By Mr. LINDSAY: Petition of Newport Chamber of Commerce, Newport, R.I., urging continuance of the Newport Naval Training Station; to the Committee on Naval Affairs.

666. Also, petition of Madison Square Cooperative Association, Jackson Heights, New York City, favoring amended or optional 30-year retirement bill; to the Committee on Appropriations.

667. Also, petition of United States Customs Inspectors Association Port of New York, J. V. Treacy, president, opposing the retirement service bill; to the Committee on Appropriations.

668. Also, petition of Leo I. Cashin, of Brooklyn, N.Y., opposing Senate bill 158, the Black bill; to the Committee on Labor.

669. Also, petition of National Converters Institute, of Chicago, Ill., concerning the administration labor bill; to the Committee on Labor.

670. Also, petition of F. E. Compton & Co., New York City, opposing House bill 3769, the Reilly bill; to the Committee on Interstate and Foreign Commerce.

671. Also, petition of Greyling Realty Corporation, New York City, favoring certain amendments to the Federal Home Loan Bank Act; to the Committee on Banking and Currency.

672. Also, petition of Boyertown Burial Casket Co., New York City, opposing the 30-hour labor bill; to the Committee on Labor.

673. Also, petition of Rossman Bros. & Messner, Inc., importers and converters of fabrics, New York City, opposing House bill 3769, the Reilly bill; to the Committee on Interstate and Foreign Commerce.

674. Also, petition of New York Board of Trade, Inc., New York City, concerning House bill 3769; to the Committee on Interstate and Foreign Commerce.

675. Also, petition of the Power Authority of the State of New York, New York City, concerning House Joint Resolution 157; to the Committee on Interstate and Foreign Commerce.

676. Also, petition of J. R. Edwards & Co., investment securities, Cincinnati, Ohio, concerning the new securities act; to the Committee on Interstate and Foreign Commerce.

677. By Mr. LOZIER: Petition of Theodore Bazan Post, No. 6, of the American Legion, of Moberly, Mo., commending President Roosevelt for his fearless leadership, and approving the action of the President and the Congress in meeting the present national emergency; to the Committee on Ways and Means.

678. By Mr. LUNDEEN: Petition of the Legislature of the State of Minnesota, urging Congress to pass legislation providing relief to hard-pressed counties and drainage districts on account of drainage bond indebtedness at the earliest possible time; to the Committee on Appropriations.

679. Also, petition of the American Legion, Railway Mail Post, No. 23, St. Paul, Minn., favoring the placing of postmasters in first-, second-, and third-class post offices under Civil Service rules; to the Committee on the Civil Service.

680. Also, petition of the city of Eveleth, Minn., approving President Roosevelt's reforestation project, and asking that through said project employment be given to many of the unemployed of the community of Eveleth; to the Committee on Labor.

681. Also, petition of Minneapolis Bearcat Post, No. 504, American Legion, urging an investigation of Reconstruction Finance Corporation loans to the Pennsylvania Railroad; to the Committee on Banking and Currency.

682. Also, petition of the State Legislature of the State of Minnesota, memorializing the President of the United States and Congress that appropriate action be taken to place in the hands of a judicial tribunal the determination of damages suffered by owners of property bordering the Lake of the Woods, and to authorize the Department of Justice to compromise and adjust the valid claims arising out of the fluctuation of the level of said lake; to the Committee on the Judiciary.

683. Also, petition of American citizens in meeting held March 27, 1933, at Temple Israel in Minneapolis, Minn., urging that the State Department of the United States Government be asked to use its good offices to convey to the German Government the grave concern felt by a large number of American citizens regarding the treatment of the Jews in Germany; to the Committee on Foreign Affairs.

684. Also, petition of Currency Study Club, of Willmar, Minn., urging the passage of the Wheeler bill for the re-monetization of silver, the Rankin bill for stabilizing the purchasing power of the dollar, the Patman bill for payment of the soldiers' bonus, and the Frazier bill for the refinancing of farm mortgages; to the Committee on Banking and Currency.

685. Also, petition of Minneapolis Bearcat Post, No. 504, the American Legion, urging an increase in the postal rates on newspapers, magazines, and periodicals, so as to wipe out the deficit of the Post Office Department; to the Committee on the Post Office and Post Roads.

686. By Mr. McFARLANE: Petition of the Legislature of the State of Texas, requesting the Federal Government, either at the end of the present emergency act levying a Federal tax on gasoline or by June 1, 1934, to abandon this field of taxation and leave the same entirely to the States and their subdivisions; to the Committee on Ways and Means.

687. Also, petition of the Legislature of the State of Texas, urging upon the Congress of the United States the passage of the necessary legislation authorizing the construction of an additional storage reservoir upon the Rio Grande River at or near the line between the States of Colorado and New Mexico, and the construction of a drain for the purpose of augmenting the water supply in the Rio Grande River; to the Committee on Flood Control.

688. By Mr. RUDD: Petition of the Greyling Realty Corporation, New York City, favoring the passage of the Federal home loan bill, to include homes valued not in excess of \$25,000; to the Committee on Banking and Currency.

689. Also, petition of the New York Board of Trade, Inc., New York City, opposing the passage of House bill 3759, which will limit or restrict the United States courts in the selection of receivers to natural persons; to the Committee on the Judiciary.

690. Also, petition of National Converters Institute, Chicago, Ill., opposing the passage of the 30-hour work-week legislation; to the Committee on Labor.

691. Also, petition of Rossman Bros. & Messner, Inc., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

692. Also, petition of F. E. Compton & Co., New York City, opposing the passage of the Reilly bill, H.R. 3769; to the Committee on Interstate and Foreign Commerce.

693. Also, petition of Boyertown Burial Casket Co., New York City, with reference to the 30-hour work week and the exemption of the casket industry; to the Committee on Labor.

694. Also, petition of J. R. Edwards & Co., Cincinnati, Ohio, favoring certain amendments to the proposed securities act; to the Committee on Interstate and Foreign Commerce.

695. Also, petition of Madison Square Cooperative Association, Jackson Heights, Long Island, N.Y., favoring optional retirement of Federal employees; to the Committee on Appropriations.

696. By Mr. SNELL: Petition of National Motorship Corporation against bills H.R. 3348 and 4599; to the Committee on Merchant Marine, Radio, and Fisheries.

697. By Mr. SUTPHIN: Petition of George P. Vanderveer Post, No. 129, American Legion, Toms River, N.J., urging continuance of the lighter-than-air service in the Navy as well as the continued operation of the Lakehurst Naval Air Station; to the Committee on Naval Affairs.

698. By Mr. TRAEGER: Petition of the Assembly and Senate of the State of California, dated April 4, 1933, urging enactment of a moratorium on foreclosures of real-property

mortgages and on sales under deeds of trusts on real property; to the Committee on the Judiciary.

699. Also, petition of the Assembly and Senate of the State of California, dated April 11, 1933, urging adoption of legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

700. By Mr. TURNER: Petition of the Houston County Court, Houston County, Erin, Tenn.; to the Committee on Ways and Means.

701. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Postmaster General to issue a series of special stamps in commemoration of the three-hundredth anniversary of the white man's discovery of Wisconsin; to the Committee on the Judiciary.

702. By the SPEAKER: Petition of the Committee of the Farmers' Educational and Cooperative Union of America and the Holiday Association, urging that Senate bill 457 be substituted for title II, agricultural credits, of House bill 3835; to the Committee on Agriculture.